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**IMPLICATIONS OF THE U.S. WAR ON TERRORISM FOR
U.S. – CHINA POLICY: A STRATEGIC WINDOW**

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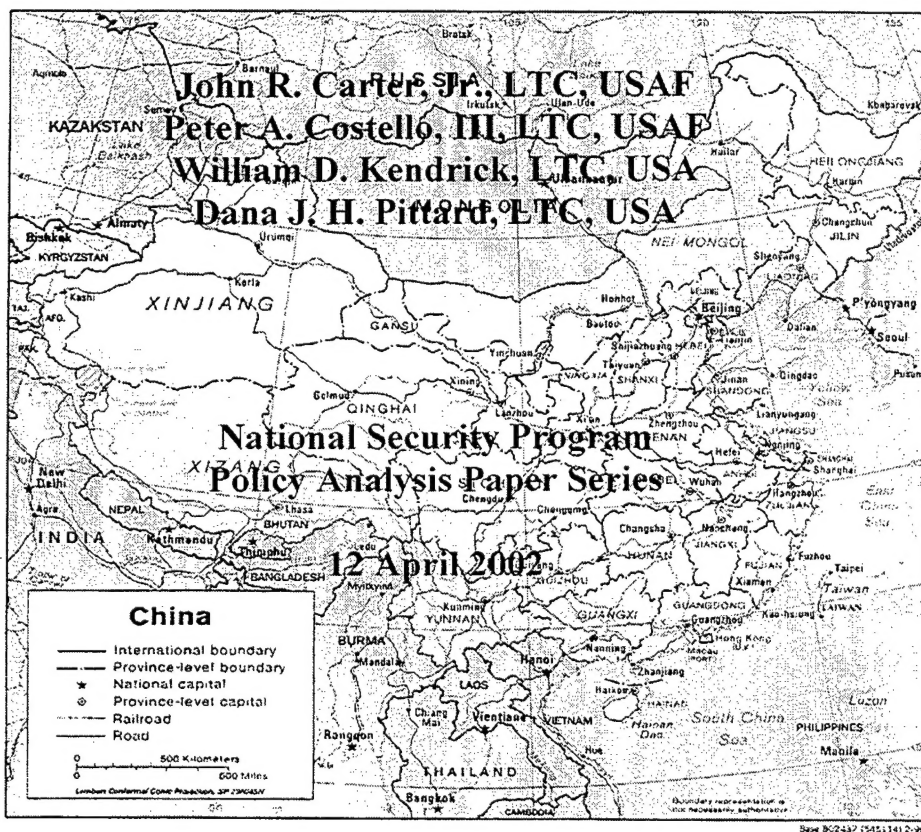


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NATIONAL SECURITY PROGRAM
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HARVARD UNIVERSITY

*Implications of the U.S. War on Terrorism for U.S.-China
Policy: A Strategic Window*



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Executive Summary

The catastrophic terrorist attacks of September 11 2001 (9/11) provide both challenges and opportunities for U.S. foreign policy. As the war on terrorism continues, U.S.-China relations must be viewed through the lens of combating the terrorist threat. In "Implications of the U.S. War on Terrorism for U.S.-China Policy: A Strategic Window," the authors offer six proposals for U.S. policy *vis-à-vis* China in light of the war on terrorism. Each proposal stands on its own merits, providing a menu of graded options for policy makers to consider. The authors evaluate each proposal according to four criteria: organization and technical means required for implementation (shown as feasibility in the Proposal Evaluation Summary chart at the end of this summary), issues of U.S. domestic political support, issues of allied support, issues of China's perspective and provide an overall assessment. The individual criteria and the overall prospects for each proposal are graded as "straightforward," "challenging," or "difficult" to indicate the anticipated level of effort required in implementing the policy.

Policy Proposal #1: Remove Ambiguity Regarding a U.S. Military Response

The U.S. policy of strategic ambiguity is no longer the most effective strategy for dealing with the People's Republic of China (PRC) and Taiwan. When coupled with current trends in the PLA, the U.S. commitment to a war on terrorism could lead some in China to believe a window of opportunity exists to force reunification with Taiwan. The U.S. cannot afford for the governments of either Taiwan or the PRC to miscalculate. The U.S. should unequivocally state that it would defend Taiwan if the PRC uses unprovoked force against the island. By the same token, the U.S. should also unequivocally state to Taiwan that any unilateral declaration of independence by them would abrogate U.S. commitments to defend Taiwan from PRC attack. Implementation of this proposal is rated as difficult, since this proposal collides directly with the PRC's embraced option, if necessary, of forceful reunification with Taiwan. The authors contend that the negative consequences of continued ambiguity outweigh the price the U.S. will pay to implement this proposal.

Policy Proposal #2: Military Engagement and Weapons Sales

As with removing strategic ambiguity, the principal goal of this proposal is to decrease the risk of PRC and Taiwanese miscalculation leading to conflict. The U.S. should increase military-to-military engagement with Beijing and Taipei through a set of narrowly focused military contacts with the PLA to promote better understanding and enhance deterrence. The U.S. should continue to sell Taiwan a limited number of purely defensive weapons systems, as permitted by the 1979 Taiwan Relations Act. By providing narrowly focused types of weapons, the U.S. can help Taiwan counter those PRC military capabilities that most directly threaten it: submarines, aircraft, and ballistic and cruise missiles. The U.S. should also help Taiwan address its Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) shortfalls, particularly from the standpoint of interoperability with U.S. systems. Implementation of this proposal would be challenging because of its likely reception by the PRC.

Policy Proposal #3: Pursue Chinese Agreement to Negotiate Fissile Material Controls

Negotiating some version of a Fissile Material Cutoff Treaty (FMCT) that includes the verifiable halt in production of fissile material would be an important first step toward an ultimate goal of gaining international accountability for all fissile material. 9/11 should serve as a warning to the international community that states producing fissile material might be sowing the seeds that enable weapons of mass destruction (WMD) use by future terrorists. China has effectively blocked negotiation on this issue in the UN Conference on Disarmament. The combination of China's recent isolation as the sole hold-out against negotiations, the pressure which the members of the international community (other than the U. S.) which seek FMCT negotiations could bring to bear, and the trade-offs the U.S. can offer in economic areas important to China make this proposal achievable. China and the U.S. have currently halted production of fissile material, and supervised agreements are in place to control the production of plutonium. The authors rate prospects for achieving agreement as difficult based on China's previous opposition.

Policy Proposal #4: New WMD Security Exchange Program

Even if initiatives began working perfectly today to halt fissile and other WMD material production and arrest proliferation, terrorist groups could still obtain WMD through theft, subterfuge, or other illegal methods. To counter such actions, states must ensure that they can effectively secure all WMD materials, methods, and technology from theft. To this end, the U.S. should pursue a security assistance exchange program in concert with the four other declared nuclear weapon states (France, United Kingdom, Russia and China) to enhance WMD-related security. While all nations have a stake in WMD security, these five states have the obvious shared interest of protecting nuclear weapons, making this a reasonable starting point for broader WMD security discussions. While the 9/11 attacks create a new sense of urgency for preventing the theft of WMD, overcoming state security concerns will prove challenging for implementation.

Policy Proposal # 5: Give China "Associate Member" Status in the G-7 (P-8)

The potential gains for China from increased U.S. trade and investment motivate China to cooperate with the U.S. Chinese security managers have long recognized that only sustained economic success can assure achievement of their political objectives. The G-7/P-8 provides opportunities for leaders to discuss major, complex international issues, and to develop the personal relations that help them respond to sudden crises or shocks. The G-7/P-8 also gives direction to the international community by setting priorities, defining new issues, and providing guidance to established international organizations. Membership in the G-7/P-8, in addition WTO mechanisms, will provide an opportunity to smooth-flow U.S.-PRC trade and economic relations. China has rebuffed earlier proposals to join G-7 as an observer. In light of forthcoming leadership changes in China, the authors rate prospects for acceptance of this proposal as challenging.

Policy Proposal #6: Create Additional Channels to Promote Openness

A closer and more cooperative U.S. relationship with China as a result of 9/11 can significantly influence the conditions for promoting democracy and human rights within China. Perhaps no social transformation in the PRC is as significant as the growth of China's middle class. Continuation of a "Cold War" between the U.S. and China would reinforce the view of

senior Chinese leaders that America is China's greatest threat. The specter of a U.S. threat would allow China's leaders to mobilize Chinese nationalism as an excuse to crackdown on dissent and to override any burgeoning reform movements. Creating alternative media channels through Internet portals, computer access, and journalistic outlets will provide the Chinese people with uncensored information. Increased cultural, educational, city-to-city, and athletic exchange will allow members of Chinese society continued exposure to choices available in a free society. Political and social transformation will be perceived as a regime-threatening event in China. This perception will make implementation of this proposal challenging.

Proposal Evaluation Summary:

<i>Policy Proposal</i>	<i>Feasibility</i>	<i>US</i>	<i>Allies</i>	<i>China</i>	<i>Overall</i>
1. Remove military ambiguity	●	●	●	●	●
2. PRC mil-to-mil / ROC wpn sales	●	●	●	●	●
3. Negotiate FMCT	●	●	●	●	●
4. WMD Security exchange	●	●	●	●	●
5. Offer China G-7 status	●	●	●	●	●
6. Create channels for openness	●	●	●	●	●

Evaluation Key:

- = Straightforward
- = Challenging
- = Difficult

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Introduction

Tonight, we are a country awakened to danger and called
to defend freedom. Our grief has turned to anger and anger
to resolution. Whether we bring our enemies to justice or
bring justice to our enemies, justice will be done.²

During his address to a Joint Session of Congress on September 20, 2001, President Bush stated unequivocally that the U.S. will “hunt down and bring to justice” terrorists with global reach and their state sponsors. The catastrophic terrorist attacks of September 11, 2001 (9/11) provide both challenges and opportunities for U.S. foreign policy. As the war on terrorism continues, U.S.-China relations must be viewed through the lens of combating the terrorist threat. Through this lens, the authors see a potentially historic opportunity to promote cooperation on key issues, to improve Sino-U.S. communication at all levels, thereby reducing risks of miscalculation leading to conflict, and to stabilize the historically schizophrenic U.S. policy swings between engagement and containment.

As a burgeoning regional and, potentially, world power, China holds both promise and peril for the U.S, regardless of 9/11. Extensive political, cultural, social, scientific, and commercial ties inextricably link the U.S. and China through countless daily interactions.³ Yet the Sino-U.S. relationship remains an uneven mixture of strategic competition and cooperation.⁴ While the U.S. and China have pursued fundamentally different goals for international and regional structures and are currently not partners in any broad sense, they are also not yet adversaries either.

The authors consider four strategic areas for policy re-consideration in the aftermath of 9/11: Taiwan, weapons of mass destruction, economic engagement, and human rights. Within each area, the authors discuss the strategic setting, determine how the relationship is affected by the war on terrorism, recommend a policy for the U.S. to pursue, and then evaluate the policy according to the criteria outlined.

¹ The authors are exceedingly grateful to Dr. Alastair Iain Johnston, Harvard University, for his considerable insights, his generous allocation of time and tremendous patience in working with this research group. They also wish to thank Christopher P. Twomey for his helpful comments on previous versions of this paper.

² President Bush, Text of President Bush’s Address to a Joint Session of Congress, *The Washington Post*, 20 September 2001, <http://www.washingtonpost.com/wp-srv/specials/attacked/transcripts/bushaddress_09202001>

³ David Shambaugh, “Facing Reality in China Policy,” *Foreign Affairs* 80.1 (2001): 55.

⁴ Shambaugh, “Facing Reality” 56.

This paper proposes six U.S. policy options *vis-à-vis* China in light of the war on terrorism. Each option seizes upon U.S. opportunities to influence Chinese domestic and international policy, as afforded by the war on terrorism. Though each option is relatively narrow in scope, all options support the broader U.S. policy goals of fostering stability, peace and economic development throughout the Asia Pacific region while encouraging protection of human rights. Overall, the authors characterize this as a “cautious engagement” policy. Rather than propose a linked package of interdependent options, the authors seek to provide a menu of options for policy makers, each graded according to ease of implementation.

Methodology

The challenges of implementing a policy proposal fall into four categories: organization and technical means required for implementation (captured as “feasibility” in the Policy Evaluation Summary Chart), issues of U.S. domestic political support, issues of allied support, and issues of China’s perspective. The individual criteria and the overall prospects for each policy proposal are graded as “straightforward,” “challenging,” or “difficult” to indicate the anticipated level of effort required to implement the policy.

The rating for organizational and technical means for implementation depends upon the answers to the following types of questions: Has the U.S. successfully pursued a similar policy with another country? Does the required technology to implement the policy exist? Does an organization already exist, or can one be constructed, to execute the actions the policy requires? This criterion captures the “means” of the policy proposal.

The rating for domestic political support depends on the perceived acceptance of the policy by key U.S. institutions and the American people. Is the proposal congruent with current U.S. policy and overall objectives in the region? What levels of effort will be required to gain sufficient support for the policy from Congress and key constituencies?

The rating for issues of allied support captures the level of effort required to gain backing for the policy from key U.S. allies within and outside the East Asian region, as appropriate. Is the proposal consistent with the extant policies of U.S. allies? What stakes do allies have in the proposed policy?

The rating of issues of China’s perspective encapsulates the ease or difficulty of obtaining Chinese acquiescence. How will the Chinese government likely react to the proposal?

Is the proposal consistent with previous Chinese actions? Will the Chinese most likely view the proposal as a carrot or a stick?

The overall assessment is more than an average of the four sub-ratings. The overall assessment captures in one rating the anticipated difficulty of pursuing the proposed policy. For example, a policy graded “difficult” for allied support may be more likely to receive a “challenging” overall rating than a policy rated “difficult” for Chinese acceptance. This could occur because the steps necessary to gain allied support, while difficult, may offer more levers for the U.S. to pursue. Persuading China to accept a proposal, however, could prove more problematic. The rationale for each rating is described to provide policy makers with an assessment of the issues an implementation strategy should address. A brief summary of the authors’ recommendations and conclusions follows.

Defusing the Taiwanese Flashpoint

The U.S. has had a long and contentious relationship with the PRC over the issue of Taiwan. Over the last 50 years, the U.S. has evolved its policy in this area into one of strategic ambiguity as means of deterrence in the volatile cross-Straits area. Recent actions by the PRC and by Taiwan vividly point out that this policy has outlived its usefulness. Current trends within the People’s Liberation Army (PLA) on the mainland and political trends on Taiwan underscore this point. Additionally, the U.S. commitment to a war on terrorism could lead some in China to believe a window of opportunity exists to compel reunification with Taiwan. Since the U.S. already follows a *de facto* recognition of Taiwan, and as Taiwan’s dedication to democracy and independence grows, the potential for a Sino-U.S. clash over Taiwan increases.

The U.S. cannot afford for the governments of either Taiwan or the People’s Republic of China (PRC) to miscalculate. While the U.S. has emphasized that only a peaceful solution to the Taiwan issue is acceptable, it has been somewhat vague regarding what triggers a U.S. defense of Taiwan. When viewed through the lens of terrorism, the U.S. should eliminate any strategic ambiguity regarding the defense of Taiwan from an unprovoked attack by the PRC. The U.S. has made it abundantly clear in the ongoing war on terrorism what it will and will not tolerate. Likewise, now is the time to lay out the U.S. position on Taiwan with full transparency: the U.S. will not tolerate forced reunification and will oppose it by any and all means necessary, and will

make clear that cooperation on terrorism is not the basis for a quid pro quo on Taiwan. These factors have led the authors to propose the following:

First, the U.S. should remove ambiguity regarding the triggers for a U.S. military response. The U.S. should make it unequivocally clear to the PRC that the U.S. will respond by all means necessary to an unprovoked PRC attack against Taiwan. Concurrently, the U.S. also should make it equally clear to Taiwan that any unilateral declaration of independence by them abrogates U.S. military commitments.

Second, in a related proposal, the U.S. should increase limited military-to-military contacts with both the PRC and Taiwan to enhance deterrence and promote better understanding, and continue limited sales of defensive weapons to Taiwan.

U.S.-China Policy and Weapons of Mass Destruction (WMD)

The events of 9/11 must give every government pause to consider how WMD in the hands of a terrorist organization could result in a human catastrophe for any state. Over the last decade, China has joined important international agreements that seek to limit the spread of WMD. China's actions, however, have led to questions and debate over China's effort to meet its counter-proliferation pledges. 9/11 serves as a warning about what terrorists could do should they obtain WMD either through third parties due to continued proliferation, or through theft from existing stockpiles. The security of China's nuclear materials is not a topic the PRC is likely to discuss openly with the U.S. Still, the war on terrorism may open a window of opportunity to engage China on protection and counter-proliferation of WMD materials.

Thus, the authors propose the U.S. should pursue Chinese agreement to negotiate fissile material controls. Negotiating some version of a Fissile Material Cutoff Treaty that includes the verifiable halt in production of fissile material would be an important first step toward an ultimate goal of gaining international accountability for all fissile material.

Next the authors propose that the U.S. seek to establish a new WMD security exchange program. Even if initiatives began working perfectly today to halt fissile and other WMD material production and arrest proliferation, terrorist groups could still obtain WMD through theft, subterfuge, or other illegal methods. To counter such actions, states must ensure that they can effectively secure all WMD materials, methods, and technology from theft.

The Chinese Economy and U.S. Trade Relations

The potential gains for China from increased U.S. trade and investment motivate China to cooperate with the U.S. The U.S. stake may be substantially greater than China's.⁵ Chinese security managers have long recognized that only sustained economic success can assure achievement of their political objectives. International organizations built around the world's largest economies provide opportunities for leaders of the world's largest industrial nations to discuss major, complex international issues, and to develop the personal relations that help them respond to sudden crises or shocks. 9/11 presented such a crisis for world leaders.

Consequently, the authors propose an effective way to accomplish this is through giving China "Associate Member" status in the G-7 (P-8). Membership in the G-7/P-8 will provide an opportunity to smooth-flow U.S.-PRC trade and economic relations. The G-7/P-8 also gives direction to the international community by setting priorities, defining new issues, and providing guidance to established international organizations.

Promoting Democracy and Human Rights in China

Even though China still remains in many respects a repressive communist state, the authors find growing evidence that it is on the verge of a fundamental transformation.⁶ Socio-political forces unleashed by China's economic reforms over the past twenty years have fueled this change that will potentially lead to a more open Chinese society. The continuation of a "Cold War" between the U.S. and China could hinder China's socio-political reform by reinforcing the view of senior Chinese leaders that America is China's greatest threat. The specter of a U.S. threat would allow China's leaders to mobilize Chinese nationalism as an excuse to crackdown on dissent and to override any burgeoning reform movements. A closer and more cooperative U.S. relationship with China as a result of 9/11 can significantly influence the conditions for promoting democracy and human rights within China.

It is in this light then, that the authors propose that the U.S. seek to create additional channels to promote openness. Increased cultural, educational, city-to-city, and athletic exchange will

⁵ Bonnie S. Glaser, Congressional testimony before the House International Relations Committee's East Asia and the Pacific Subcommittee, 15 November 2001.

⁶ George Gilboy and Eric Heginbotham, "China's Coming Transformation," *Foreign Affairs*, 80.4 (2001): 26-27.

allow members of Chinese society continued exposure to choices available in a free society. Additionally, in order to promote openness in China, the U.S. must support increased alternative media channels through Internet portals, computer access, and journalistic outlets to provide the Chinese people with uncensored information.

Conclusions

While these six proposals do not deviate significantly from current U.S. policy, they do propose changes that take advantage of the potential unique opportunities following the events of 9/11. Each proposal is feasible from a U.S. perspective. Major challenges exist, however, in gaining support from U.S. domestic stakeholders, U.S. allies and China. None of these challenges, however, is so significant that a proposal should not be pursued or that the challenges cannot be overcome. The authors recommend that the U.S. pursue all six to capitalize on the opportunities presented. As a final note, these proposals should be pursued in parallel to one another, but without acceding to PRC demands for a *quid pro quo*.

*Chapter 2:
Defusing the Taiwanese Flashpoint*



⁷ PLA Airborne soldiers, <<http://www.members.tripod.ca/shaohz/news11.html>>.

Introduction

The current U.S.-China-Taiwan conundrum remains one of the last and most dangerous vestiges of the Cold War era. It can be characterized only as an uneasy, potentially explosive match between the sole remaining global superpower and a burgeoning regional nuclear power with global aspirations that sees a hegemonic U.S. as an obstacle to its perceived rightful place on the world stage. As Paul Dibb, a respected Australian expert on China, has observed, "China is a rising power that sees itself as the natural leader in Asia. It perceives its aspirations in this regard as being thwarted by the American military presence in the region and the U.S. alliance network."⁸ Reunification with Taiwan, which no doubt has at least some international aspirations of its own, remains the primary focal plane through which the People's Republic of China (PRC) views all other issues.

For its part, the U.S. has evolved its policy on this issue over the last 50 years into one of "strategic ambiguity." With the goal of keeping the PRC and Taiwan guessing and off-balance, the U.S. has tried to steer a vague middle course that calls for a peaceful resolution of the issue without really committing to anything concrete or specific. The communiqués signed with the PRC regarding "One China" and the Taiwan Relations Act pledging defensive military support to Taiwan have served only to deepen further the ambiguity of the U.S. position.

It is within the context of addressing current U.S.-PRC policy on Taiwan that the authors advance two conjoined proposals that would enhance U.S. strategic interests in the region and steer the U.S. safely through the dangerous waters of a potential military confrontation in the Straits of Taiwan. These proposals attempt to clarify U.S. intentions and resolve for both the PRC and Taiwan, as well as to provide assurances through focused engagement activities with both parties and continued but narrowly crafted weapons sales to Taiwan.

Description of the Problem: Strategic Ambiguity

So what are we to make of the U.S. policy of strategic ambiguity? Ever since Nixon sent Kissinger to begin opening the door to China in 1972, the U.S. has performed a Kabuki dance with regard to what "One China" actually means. Does "One China" really mean just that? The PRC says it does, Taiwan doesn't necessarily think so, and the U.S. has "acknowledged" that the

⁸ Paul Dibb, "Strategic Trends in the Asia-Pacific Region," *Asia and the Pacific*, ed. Paul Taylor, Asia Pacific Forum, U.S. Naval War College, Newport, RI (11-12 June 2000): 13.

PRC's position is what it is. Does "One China" actually mean "One China, Two Systems?" Well, the PRC could probably live with that (or so it says), Taiwan is not so sure, and the U.S. has been relatively mum on the subject. Or does "One China" really mean "One China, One Taiwan?" According to the PRC, this outcome is a *casus belli*; Taiwan would probably like it eventually (except for the fact that the PRC would attack); and the U.S. is fractured internally over its policy and is unwilling to commit. Although it ostensibly holds to its original position on "One China," the U.S. frequently deals with the Taiwanese as it would a sovereign state in economic and defense matters (it just doesn't acknowledge doing so explicitly).

The U.S.'s policy of strategic ambiguity was intended to keep the baffled and unsure antagonists from treading too close to the brink of war. In practice, it has begun to accomplish just the opposite, encouraging both the PRC and Taiwan to test the limits of each other's and the U.S.'s resolve. In short, it has confused but not adequately deterred the PRC and Taiwan. It has, in fact, become so convoluted as to engender confusion even within the highest levels of the U.S. Government. As Kurt Campbell and Derek Mitchell have pointed out, "[t]his policy of ambiguity has become difficult to explain and perhaps even more difficult to implement in recent years. It has hindered routine consultations with U.S. allies because even senior officials are not sure what Washington would do in the case of a true crisis [in the Straits]."⁹

This sliding scale of ambiguity has also become the centerpiece of U.S. deterrence posturing in the Straits. Will the U.S. come to Taiwan's defense or won't it, and under what circumstances? Is action "A" by the PRC going to force the U.S. to intervene militarily? Is action "B" by Taiwan, which will trigger a PRC military response, also going to force the U.S. to defend Taiwan? Neither the PRC nor Taiwan is really sure where that trigger point is. While the U.S. and Taiwan have not yet come to blows with the PRC, they did come dangerously close to doing so during the 1996 crisis in the Straits, when the U.S. Navy sailed into the area to force the PRC to desist from firing ballistic missiles into the ocean off the coast of Taiwan.

The U.S. has not fought the PRC since the Korean War. But, as indicated by several significant political and military trends to be discussed in more detail below, it may be only a matter of time before the PRC believes it has the military clout to force Taiwanese reunification while keeping the U.S. at arm's length. The U.S. strategy of ambiguity over Taiwan has failed to silence or even decrease the frequency of Chinese threats to use military force to reunify with

⁹ Kurt Campbell and Derek Mitchell, "Crisis in the Taiwan Strait," *Foreign Affairs*, 80.4 (2001): 19

Taiwan. Indeed, the PRC has steadfastly refused to rule out the use of force to reunify. The policy of strategic ambiguity has failed to stabilize defense spending by the People's Liberation Army (PLA). In fact, just the opposite has occurred; current PLA doctrinal and acquisition trends are aimed at bringing Taiwan quickly to its knees, while holding the U.S. at bay. Finally, the policy of strategic ambiguity has failed to discourage the Taiwanese from continuing to take incremental but significant political steps away from reunification and toward independence. In fact, continued U.S. ambiguity has actually made its own contribution to potentially destabilizing the Straits. By failing either to achieve for itself, or to project, clarity regarding its intentions, the U.S. has already increased the risk of strategic miscalculation by one or both of the PRC and Taiwan.

Such miscalculation potentially could lead to a major conflict in the Straits by producing one of two events. Either the PRC could make a near term preemptive strike to forcibly reunify with Taiwan, or Taiwan could make a unilateral declaration of independence, triggering a PRC military action in response. Even if neither of these events occurs in the short term, most experts believe that if nothing changes in the current dynamic, the PRC eventually will attempt to force Taiwan to submit. Indeed, a recent indicator is provided by the PRC in its February 2000 White Paper, which

...added a new condition under which the PLA reserved the right to use force: if Taipei refused indefinitely to accept an abstract 'One China' principle and begin negotiations for eventual reunification on that basis (the old conditions were Taiwan's declaration of independence, Taiwan's nuclear weapons development, and foreign occupation of Taiwan)." Any one of these eventualities would force the U.S. to make a hard decision about whether to intervene in the conflict or not. The U.S. stands to lose a great deal in either case.¹⁰

The U.S. policy of strategic ambiguity currently enshrouding the U.S.-PRC-Taiwan relationship is inherently dangerous. Richard Russell has observed, "[t]he American policy of strategic ambiguity may be unsustainable . . . The Chinese are increasingly concerned by the steady march of Taiwan toward de facto independence while frustrated that negotiations for reunification are going nowhere."¹¹ In short, the policy of strategic ambiguity has outlived any usefulness it once might have had. As Professor Tom Christensen of the Massachusetts Institute

¹⁰ Thomas Christensen, "China," *Strategic Asia 2001-2002*, National Bureau of Research (December 2001): 48 <<http://www.strategicasia.ndr.org/report/pdf/2001-2001/china.pdf>>.

¹¹ Richard L. Russell, "What if... 'China Attacks Taiwan!'," *Parameters*, 31.3 (2001): 88.

of Technology has concluded, "[i]f left uncorrected, it quite likely will lead to cross-strait conflict in the next 10 years."¹²

To reduce the likelihood of an outbreak of hostilities, the U.S. must now clearly and consistently signal to both parties its resolve to ensure a peaceful resolution. As described more fully in the first policy proposal below, the U.S. must identify explicit thresholds of PRC and Taiwanese behavior beyond which such a resolution will be jeopardized.

As mentioned above, several significant political and military trends appear to demonstrate that, in the absence of a clear U.S. deterrence policy, the PRC may well be on its way to taking military action against Taiwan to force reunification. First, the PRC's stated policy is vehement adherence to retaining a military option to reunify. At this point in time, regime credibility and Party survival have been hitched to the inevitability of reunification. Continued pronouncements over the last decade have solidified this assumption in the national psyche, which may make it impossible for Party leaders to backtrack. As noted above, Party leadership statements indicate that the PRC will not wait indefinitely for Taiwan to give in, and point inevitably to the PRC's use of force.

Second, even a cursory review of current weapons acquisitions and doctrinal trends within the PLA leads to two related conclusions. The first is that the PLA, which already can launch a variety of unconventional attacks¹³ as well as punitive ballistic missile strikes potentially capable of rapidly eroding Taiwanese national will to resist, is working to develop additional means of acquiring Taiwan in a sudden blow, theoretically before the U.S. could respond. The second is that the PRC intends soon to acquire the means to deter or defeat U.S. forces, should the U.S. decide to come to Taiwan's defense. As Michael Pillsbury has pointed out,

[u]ntil 1996, China did not appear to be developing capacity to conquer Taiwan by force. Nor did China deploy more than symbolic land or sea forces within 300 miles of Taiwan. Indeed the military command center responsible for Taiwan (Fuzhou Military Region) since 1949 was dismantled around 1985. Similarly, there was little, if any, discussion of how to attack Taiwan in professional military journals. This began to change after the

¹² Thomas J. Christensen, "Clarity on Taiwan: Correcting Misperceptions on Both Sides of the Straits," *The Washington Post*, (20 March 2000): A17 <Lexis-Nexis Search>

¹³ Richard Russell and Thomas Christensen, among others, explore a variety of blockade, Special Operations Forces and airborne assault scenarios in their works previously cited in this paper.

March 1996 missile incidents and the deployment of two U.S. aircraft carrier battle groups to the area east of Taiwan.¹⁴

Since the beginning of 1997, the PLA has begun to streamline its total force, initiated a dramatic increase in defense spending, and re-oriented its strategic and regional military planning. The weapons the PLA is currently acquiring (beyond adding to its ballistic missile inventory), as well as its most recent doctrinal developments and military exercises, all point directly at the U.S. as the principal target, but clearly would be equally useful for bringing Taiwan quickly to its knees in a sudden preemptive strike.

The PLA's large and growing arsenal of ballistic missiles, both tactical and strategic, has been and remains the centerpiece of the PRC calculus of its comprehensive national power, particularly *vis a vis* Taiwan. As David Shambaugh has noted,

[t]he PLA's Second Artillery has been accelerating deployments of M-9 and M-11 mobile short range ballistic missiles at bases opposite Taiwan, as well as building anti-aircraft and other new facilities. The U.S. Department of Defense estimates that, at the current rate, the 150 presently deployed will reach 650 by 2005. The PLA's crash program to develop land-attack cruise missiles is of even greater concern, as no TMD [theater missile defense] system is effective against cruise missiles.¹⁵

The PLA continues to add to its inventory of short and medium range ballistic missiles, with a significant number positioned in coastal provinces across the Straits of Taiwan, which puts all of Taiwan at risk.

Indeed, the PLA may believe it already has the capability of forcing Taiwanese capitulation in the short term before U.S. help could arrive, but it would need political justification for taking such action. Essential to the success of this PRC scenario, as well, would be a rapidly faltering Taiwanese national will to resist repeated ballistic missile barrages. The authors make no assessment of Taiwan's ability to maintain national will if so attacked. The fact remains, however, that the PRC need only believe that such will is lacking before it conceivably could give the PLA the signal to go ahead.

In addition to its emphasis on increasing its ballistic missile inventory, the PRC is actively procuring offensive weapons and developing asymmetric warfare capabilities that

¹⁴ Michael Pillsbury, "PLA Capabilities in the 21st Century: How Does China Assess its Future Security Needs?" *The Chinese Armed Forces in the 21st Century*, ed. Larry Wortzel, Strategic Studies Institute, U.S. Army War College, (December 1999): 137.

¹⁵ David Shambaugh, "Sino-American Strategic Relations: From Partners to Competitors," *Survival*, 42.1 (2000): 103.

clearly target the U.S. regional military presence, particularly any potential involvement of U.S. forces in the defense of Taiwan. Among the new offensive weapons systems the PLA has procured are 72 SU-27 aircraft (with an expected 300 in operation by 2003 and co-production rights for another 200 by 2012) and 40 SU-30 aircraft, Russia's most advanced air superiority fighters; 100 S-300 (SA-10) surface-to-air missiles (SAMs) and an unspecified number of TOR-1 (SA-15) SAMs; 4 Kilo-class submarines; and 2 Sovremenny-class destroyers equipped with SS-N-22 Sunburn anti-ship missiles designed to attack U.S. Aegis-class destroyers (the principal surface-based air defense for carrier battle groups).¹⁶ In addition, the PLA is involved in extensive experimentation with, and development of, information warfare capabilities (which clearly target the U.S., with a spin-off benefit of targeting Taiwanese command and control systems).¹⁷ The PLA is also developing land-based cruise missiles and road-mobile long-range ballistic missiles, in a shift away from a silo-based nuclear weapons delivery capability.¹⁸

Moreover, the PLA is rapidly working to increase the precision of its theater ballistic missile (TBM) delivery systems, as well as to develop near-term capabilities in the areas of space-based intelligence, surveillance, and reconnaissance; passive and active counter-space measures; and anti-satellite measures.¹⁹ Once acquired, these capabilities would allow the PRC substantially to extend its indications and warning apparatus to gauge U.S. military activities throughout the region more effectively. It also would enhance significantly the PRC's ability to degrade or defeat (through camouflage, concealment, and deception) U.S. intelligence, surveillance, and reconnaissance capabilities. The PRC's priority of effort in selected areas of high technology weaponry and capabilities creates the kind of asymmetric threat that clearly raise the stakes for the U.S. in any confrontation with the PRC over Taiwan.

¹⁶ Michael J. Barron, "China's Strategic Modernization: the Russian Connection," *Parameters*, 31.4 (2001-2): 75-76, and Larry Wortzel, "How to Respond to China's Coercive Behavior," *The Heritage Foundation, Backgrounders* 1431 (17 April 2001): 5 <www.heritage.org/library/backgrounders/bg1431.html>.

¹⁷ See Christensen, "Posing Problems Without Catching Up," 31, and William C. Triplett, III, "Potential Applications of PLA Information Warfare Capabilities to Critical Infrastructures," *The PLA After Next*, ed Susan Pushka, Strategic Studies Institute, U.S. Army War College (August 2000) 79-106 <<http://carlisle-www.army.mil/usassi/welcome.html>>.

¹⁸ See Mark A. Stokes, "China's Military Space and Conventional Theater Missile Development: Implications for Security in the Taiwan Straits," and Kenneth W. Allen, "PLA Air Force Operations and Modernization," *The PLA After Next*, Chapters 5 and 6 respectively for detailed discussions.

¹⁹ See Stokes in, "China's Military Space and Conventional Theater Missile Development," *The PLA After Next* and in "China's Quest for Information Dominance," *China's Strategic Modernization: Implications for the United States*, Strategic Studies Institute, U.S. Army War College (September 1999): 31-42 . <<http://carlisle-www.army.mil/usassi/welcome.html>>.

Newly developing PLA doctrine and recent military exercises also focus almost exclusively on a Taiwan-based scenario in which U.S. forces are deterred or defeated. All recent doctrine and exercises have relied on the PLA's obtaining an asymmetric advantage by engaging in precise and quickly devastating TBM strikes that would bring Taiwan to its knees quickly and deter U.S. military intervention, particularly by the U.S. Navy.²⁰ Simultaneously, PLA use of information warfare techniques would disrupt, deny, and defeat Taiwanese and U.S. Command, Control, Communications, Computers, Intelligence Surveillance, and Reconnaissance (C4ISR). Alarmingly, Michael Pillsbury has noted the very dangerous ways in which Chinese military planners have begun to "devalue" U.S. military capabilities.²¹ PLA planners now consistently point to perceived vulnerabilities in U.S. technology, to U.S. arrogance, and to numerous mistakes made by defeated U.S. adversaries that they say the PLA would not make. Such thinking within the PLA, if not balanced elsewhere in the PRC's decision-making apparatus, may prove to be a decisive destabilizing force in its own right. In short, the PLA's acquisition, doctrine, and exercise activities are moving in a clearly destabilizing direction, particularly given the fact that they seem designed primarily to deter or defeat U.S. military action in support of Taiwan.

On the Taiwanese side of the current equation of potential miscalculation, several trends clearly point to the fact that, in the absence of a clear U.S. deterrence policy, Taiwan is already moving slowly toward a unilateral declaration of independence. By this time, Taiwan has spent over fifty years as an "independent" island nation. Taiwan has less incentive to reunify now than ever, given the emergence over time of a distinct Taiwanese society with ever fewer direct familial connections to the mainland and a consequently greater sense of a Taiwanese national identity.

With the passing of the Kuomintang hierarchy and the rise of the Democratic Progressive Party (DPP) to political primacy, pro-independence forces finally have gained the upper hand. With the 2000 presidential election that saw the DPP emerge victorious and the party's recent gains in the legislative assembly (which make it the largest single seat-holder, although not as yet

²⁰ Christensen, "Posing Problems Without Catching Up" 28-30.

²¹ Michael Pillsbury, "PLA Capabilities in the 21st Century: How Does China Assess its Future Security Needs?" The Chinese Armed Forces in the 21st Century 143-9. See also Christensen, "Posing Problems Without Catching Up" 21-23 and 30-31.

a majority),²² Taiwan has taken a significant step away from the mainland. The Foreign Ministry's recent decision to emboss "Taiwan" on its passports widely publicizes an overt symbol of national identity and thus represents another incremental step toward a declaration of independence.²³

As a dynamically emerging democracy with a taste for political pluralism, Taiwan is increasingly unlikely to accept anything less than full democracy. The Taiwanese tend to view the idea of reunification with a significant degree of suspicion and skepticism, given often-hostile PRC rhetoric. All of these factors clearly represent enormous barriers to political reunification with the mainland and tend to point toward independence as the Taiwanese resolution of choice.

Clearly, there is ample potential for strategic miscalculation by one or both of the PRC and Taiwan in a current environment in which the U.S.'s policy of strategic ambiguity gives no firm indication of its intentions to either party and, in fact, represents the failure to achieve internal clarity regarding its own intentions. Leaders in both Beijing and Taipei are convinced respectively that it is not, and is, within the U.S.'s national interests to defend Taiwan militarily. In short, the current U.S. policy of strategic ambiguity not only has failed adequately to achieve its desired deterrent effect, but it actually seems to have encouraged both the PRC and Taiwan – but especially the PRC – to move in directions likely to produce conflict.

An outbreak of hostilities in the Straits is absolutely the last thing that the U.S. wants to see. An actual military conflict between the PRC and Taiwan would force the U.S. to decide whether or not to get actively involved, with the probable outcome being that the U.S. would in fact enter the fray. Therefore, the U.S. needs to do everything possible to prevent either the PRC or Taiwan from making the misstep that leads to war. The best way to accomplish that goal is to hold over each party's head a very real and unmistakable threat that, if it missteps, the thing it dreads most is precisely what will happen. In Taiwan's case, this would be an outbreak of hostilities in which the U.S. does not enter to defend the island. In the PRC's case, it would be to have to fight the U.S. over Taiwan. Part of the U.S.'s new policy should be to stress to each party what it stands to lose in case of conflict. Taiwan is probably more actively concerned

²² Mark Landler, "After Taiwan Election, Chill Persists," New York Times (8 December 2001): A6 <Lexis-Nexis Search>.

²³ Northeast Asia Peace and Security Network, "Changes in Taiwan Passports Fail to Gain Support at Home, Anger China," NAPSNET Daily Report, 14 January 2002 <NAPSnetlist@nautilus.org>.

already than is the PRC. Taiwan can hardly fail to realize that, even if the U.S. came to its defense, a military conflict with the PRC could devastate its forces and bring on economic collapse if the damage to infrastructure and the national will were severe enough. The nosedive taken by the Taipei stock exchange during the 1996 Straits crisis served as ample evidence of Taiwan's relative economic fragility.²⁴ The U.S. needs to remind the PRC that it would suffer gravely on a wide range of fronts if it attacked Taiwan, especially if it then also must go to war with the U.S. A militarily aggressive PRC stands to lose significant international prestige and support, as well as foreign investment, which could derail prospects for economic progress and even threaten regime stability. U.S. military involvement would exact significant infrastructure damage that the PRC can ill afford. In terms of purely military costs, the U.S. would suffer losses, but the PLA would suffer disproportionately. Perhaps the most significant deterrent would be the prospect that the regime could collapse if Taiwan did not capitulate ultimately.

U.S. policy at this juncture should be clear, open, and forthright. Its stated goal should be to keep the PRC and Taiwan working together to achieve a peaceful resolution, whether that might be reunification or independence.²⁵ Its substance should be that the U.S. will defend Taiwan if the PRC attempts to take it by force, but it will withdraw military support if Taiwan makes a unilateral declaration of independence. Current U.S. policy fosters gray areas of uncertainty within which the PRC and Taiwan have been left to pursue their separate agendas in ignorance of the position and intentions of the third and pivotal party, the United States. The recommended change in U.S. policy from strategic ambiguity to strategic clarity would establish unmistakable thresholds of behavior for both the PRC and Taiwan. It would identify clearly the points at which U.S. military power would be triggered or withdrawn. It would provide an umbrella under which the PRC and Taiwan could negotiate a peaceful resolution in a safe and productive manner. It would provide, in fact, the single best hope for avoiding war in the Straits.

It is essential that the U.S. make a dramatic policy change, and soon, in order to defuse the Taiwanese flashpoint. The U.S.'s current war on terrorism makes it only more important that such a change be made now. The U.S. can ill afford either to have a shooting war with the PRC at this point (thereby jeopardizing American lives and the war on terrorism itself) or to stand idly

²⁴ David Shambaugh, "Taiwan's Eroding Military Advantage," *The Washington Quarterly*, 23.2 (2001): 129.

²⁵ The authors believe that the time may be approaching for Beijing to acknowledge the prospect of Taiwanese independence, but they do not elaborate further on their views in the present paper. The official U.S. position should be that either reunification or independence is an acceptable resolution, provided that it is achieved by peaceful means.

by while Taiwan attempts to defend itself (thereby risking significant loss of American reputation in the region, especially now that, in the aftermath of 9/11, the U.S. has staked so much on opposing aggression worldwide). A major U.S. concern at the present time should be that current global commitments of U.S. forces could lead the PRC to conclude that U.S. distraction and over-extension gives the PRC a strategic window of opportunity for action against Taiwan.²⁶ The calculus is not far-fetched. Even before 9/11, active duty U.S. forces had deployed to, or been stationed in, approximately 140 countries worldwide, including major standing commitments in Korea (37,000), Japan (41,000), the Balkans (almost 9,000), Southwest Asia (11,000), and now Afghanistan. At one point last fall, U.S. forces in the Afghan theater of operations included an estimated 35,000 personnel in, near, or afloat in the vicinity of Afghanistan (including one Marine Amphibious Ready Group); an estimated 550 aircraft of all types; and four carrier battle groups providing support from the Mediterranean, the Persian Gulf, and the Arabian Sea.²⁷ In addition, the U.S. recently has deployed special operations forces to the Philippines. Finally, as the U.S. exerts increasing pressure on Iraq, Iran, North Korea, and such other nations as Yemen and Somalia, the potential for additional commitments of U.S. forces likewise increases. PRC military action at this point potentially could present the U.S. with a *fait accompli* regarding Taiwan.

It is also arguable that the war on terrorism offers certain strategic windows of opportunity that the U.S. can use to eliminate any ambiguity regarding its views on the way to resolve the impasse between the PRC and Taiwan. The catastrophic events of 9/11 have been the catalyst for a fundamental reevaluation of U.S. relations with all major international players. Drawing the proverbial line in the sand, President Bush has made it abundantly clear in the ongoing war on terrorism what behavior the U.S. will and will not tolerate from other nations. He has prodded allies, neutral nations, and adversaries alike to stand with the U.S. in the global battle against terrorism. As an example, the U.S.-Russia relationship has undergone a profound change since 9/11, resulting in Russian acquiescence, albeit reluctant in some cases, to virtually every U.S. action related to its conduct of the war on terrorism, including the placement of a visible U.S. military presence in a number of former Soviet republics.

²⁶ Christensen, "Posing Problems" 14 and 24.

²⁷ This data has been compiled from various sources, all of which have not been listed here. The list includes the Boston Globe; Washington Post; DoD Worldwide Manpower Distribution by Geographical Area, 30 September 2001 <<http://web1.whs.osd.mil/mm/mid/m05/m05sep01.pdf>>; and Associated Press News Release, "U.S. Expands Military Ties Worldwide," 15 January 2002 <<http://www.globalsecurity.org/org/news/2002/020115-attack01.htm>>.

Although concerned about the scope of this new U.S. presence in Central Asia, the PRC also has acceded initially to U.S. actions, albeit with more alarm, objections, and grumbling than has been the case with the Russians. Despite PRC acquiescence on key U.S. initiatives in the war on terrorism thus far, the U.S. should expect a request for a *quid pro quo* at a later date. That “*quid*” probably will be U.S. military sales to Taiwan. The U.S. can and should make it clear to the PRC now that it will not consider such sales to be a bargaining chip in the war on terrorism.

Moreover, Beijing itself has begun to issue a steady stream of pronouncements regarding its own terrorist problem, in which it has attempted to lump Taiwan with Tibet and Xinjiang as “splittist elements.”²⁸ It is not clear precisely why Beijing has taken this tack, since the PRC has not had (and probably never would have) the temerity to label Taiwan a terrorist nation. But it is possible that Beijing’s hope is somehow to begin laying a favorably framed foundation for future military action against Taiwan (and, for that matter, against Tibet and Xinjiang, which are separate problems not addressed by this paper). Any attempt on Beijing’s part, however indirect or disingenuous, to use the war on terrorism in such a manner opens the door for the United States to enunciate a new policy that lays out its position on Taiwan with full transparency. Thus far, the U.S. quite rightly has attempted to de-link these issues and to preempt any future PRC requests for *quid pro quos*.

In short, the current U.S. policy of strategic ambiguity has proved unworkable and is becoming distinctly counter-productive. It must be replaced at the earliest opportunity with a firm and unambiguous statement of the U.S.’s position and intentions. The current war on terrorism both lends added urgency to the need for a clear new U.S. policy and provides the U.S. with certain strategic windows of opportunity within which to clarify and signal its resolve to both parties. Accordingly, the authors’ first policy proposal is as follows.

Policy Proposal #1: Remove Ambiguity Regarding a U.S. Military Response

The U.S. should remove its cloak of strategic ambiguity regarding a U.S. response to a military confrontation between the PRC and Taiwan on the issue of reunification. The U.S. should increase its transparency on the issue in the following ways:

²⁸ U.S. Ambassador James R. Lilly, “America at War: U.S. Relations With China.”
<http://discuss.washingtonpost.com/wp-srv/zforum/01/attack_lilley1019.htm>.

- First, the U.S. should emphasize that it takes no stand on the nature of the final outcome, be it reunification or independence, but does insist absolutely that a resolution be achieved by peaceful means. Consequently, the U.S. should issue no further repetitions of previous U.S. statements on "One or Two Chinas/One or Two Systems" and variations thereof.

- Second, the U.S. should make a clear, unequivocal statement to the PRC that the U.S. will defend Taiwan if the PRC uses force to attempt reunification. As part of this message, the U.S. should emphasize to the PRC that cooperation on terrorism is not the basis for any *quid pro quo* on Taiwan.

- Finally, the U.S. should make an equally clear and unequivocal statement to Taiwan that a unilateral declaration of independence would abrogate the U.S. commitment to defend Taiwan against the PRC.²⁹

These are important distinctions to make, given the way policy has vacillated among different U.S. administrations (and even within them) over the proper stance to take on the Taiwan issue. As described above, such vacillation and lack of clarity have served only to undercut the U.S.'s ability to deal with both parties in an evenhanded and effectual way.

Viability of Policy Proposal

Do Organizational and Technical Means Exist?

The authors rate this policy proposal as straightforward in terms of the ease with which it could be implemented. The U.S. has already begun the process of redefining its foreign policy relations with a number of key countries as a result of its war on terrorism. Current shifts in U.S.-Russian relations offer a prime example of how a previously uneasy or even hostile relationship can do an about-face. Although the U.S. has had (and continues to have) a fairly tumultuous relationship with the PRC, the current administration has at its disposal a sufficient range of existing multilateral, bilateral, and internal policy and organizational frameworks within which to implement this proposal.

²⁹ Some might argue that the new policy should identify the full "slippery slope" of other possible Taiwanese actions that ultimately would be deemed either to fall short of a unilateral declaration of independence or to constitute its equivalent. The authors, on the other hand, believe that the wisest course is for the new policy to make a clear and straightforward statement regarding, simply, a unilateral declaration of independence. Such a statement can and should be permitted to stand on its own considerable deterrent strength. Any attempt to parse out in advance all the possible scenarios of Taiwanese action would serve only to weaken the clarity and force of the new policy.

Implementation could begin with a set of official declarations describing U.S. intent and continue through constant emphasis of the key points in multiple venues, such as the United Nations Security Council, U.S.-China Security Commission fora, the ASEAN Regional Forum, the Council for Security Cooperation in the Asia-Pacific, and "Track II" talks.

Issues of U.S. Domestic Support

The authors rate this policy proposal as challenging in terms of the support it likely would receive in the U.S. Despite policy splits among experts both in and out of government, the American public has a growing sense of unease regarding China's emerging power, especially its military might. A recent Gallup poll indicated that 37% of Americans view China mostly unfavorably (up from 31% in 2001), compared to 38% with a favorable view of China (down from 40% in 2001).³⁰ The recent release of the unclassified version of a National Intelligence Estimate on foreign missile development trends, as well as related public statements by Director of Central Intelligence George Tenet,³¹ has reinforced public unease. Congress has shown strong interest over time in providing assurances to Taiwan, which is reflective of the internal balancing against the PRC that occurs in U.S. policy circles. A clear statement of a firm U.S. position, as recommended in this paper, would be a welcome relief from vacillation and uncertainty, provided that the administration articulates its case that the new policy -- including the portion of it that is directed at Taiwan -- offers the best hope for avoiding an outbreak of hostilities in the Straits.

Issues of Allied Support

The authors rate this policy proposal as challenging in terms of the support it likely would receive in Japan and Korea, the U.S.'s most prominent allies in the Asia-Pacific region. If conflict were to break out under the current policy of strategic ambiguity, the U.S. might have some difficulty in obtaining rights to use U.S. military facilities in these countries. Both Japan and South Korea are reluctant to get drawn into any conflict not in their immediate national interests, such as might be the case in a PRC-Taiwan scenario, and they clearly do not want to

³⁰ Gallup Poll, "China", 4-6 February 2002 <<http://www.pollingreport.com/china.htm>>.

³¹ Director of Central Intelligence, Foreign Missile Development and the Ballistic Missile Threat Through 2015, January 2002. In addition, George Tenet made recent statements in February 2002 to the press raising significant concerns regarding China's growing strategic and theater ballistic missile program.

antagonize the PRC unduly. Nevertheless, it remains in their long-range security interests to provide balance against a potentially belligerent China. In spite of the PRC's steady efforts to subvert U.S. multi- and bilateral efforts in the region by attempting to intimidate Japan and South Korea into taking no part in any U.S.-PRC conflict over Taiwan, both allies ultimately should be more strongly influenced by the extensive security ties they have formed with the U.S. than by their fear of the PRC. Discussions among the three allies regarding a theater missile defense system, the substance of the U.S.-Japan defense guidelines adopted in 1997, and Japan's recent out-of-theater naval deployment to support the U.S. effort in Afghanistan all tend to indicate that Japan and South Korea most likely would support the U.S. in a conflict with the PRC over Taiwan. As Taeho Kim, a senior China analyst with the Korea Institute for Defense Analysis in Seoul, has noted, "[i]mplicit in the new [Japan-U.S. defense] Guideline is enhanced collaboration between U.S.-allied Japan and South Korea in a contingency, thus opening up the possibility that the ROK could be at least indirectly involved in a cross-Strait conflict."³²

If the U.S. has clearly stated its policy in advance as recommended by the authors, Japan and South Korea could acquiesce more easily in U.S. usage of their facilities. An unambiguous statement of U.S. policy would provide intelligible guidelines and clarify expectations regarding each country's role in the regional security environment. Such a new policy should be viewed in both Tokyo and Seoul as a potentially stabilizing factor in the region, since it would identify plainly for all parties concerned the specific triggers of conflict between the U.S. and Taiwan on the one hand and the PRC on the other. Because its intentions had been stated up front, the U.S. could begin to organize support from its regional allies well in advance.

The authors rate this policy proposal as straightforward in terms of the support it likely would receive in Taiwan. In practical terms, Taiwan would have little choice but to acquiesce in the new policy. Taipei is not willing to risk direct confrontation with Beijing any time soon, even with U.S. assistance, because of the devastation that conflict would bring. Currently, Taiwan's economic ties to the mainland appear to be key in keeping pro-independence forces in check.³³ Some might argue that a new policy like the one the authors propose merely would

³² Taeho Kim, "The Costs of China's Military Conflict: The Korean and Japanese Dimensions," The Costs of Conflict: The Impact on China of a Future War, ed., Andrew Scobell, Strategic Studies Institute, U.S. Army War College (October 2001): 69.

³³ For additional discussion of this point, see Ralph N. Clough, "Conflicting Tendencies: Economic Integration Versus Political Impasse," Chapter 3, and John Tkacik, "Taiwan Dependence: The Strategic Dimension of Cross-Strait Trade and Investment," Chapter 4, The Costs of Conflict.

embolden Taiwan's pro-independence forces unilaterally to entangle the U.S. in a shooting war with the mainland. This argument ignores the strong economic checks on Taiwan, as well as what would be firm U.S. resolve under the new policy to send Taiwan a clear and convincing signal about the actions that would exceed the limit for obtaining U.S. support. Furthermore, even the pro-independence forces recognize the extremely high and perhaps fatal costs that Taiwan would pay for such a confrontation, with no guarantee of succeeding in its bid for independence.

Implementation of this new policy actually would provide an absolute check on pro-independence forces on the island by clearly identifying the limits of U.S. resolve. Washington would have to exercise special care to demonstrate to Taipei that the new policy is the best hope for maintaining peace. Integral to that task, however, would be the long, hard effort of U.S. officials to convince the Taiwanese that the U.S. actually would withdraw military support under certain conditions. The authors' second policy proposal (developed later in this chapter), which in part addresses weapons sales to, and military engagement with, Taiwan, would encourage Taiwan to stay in step with the U.S. by providing assurances regarding U.S. support and by opening up new channels for communicating and reinforcing the U.S. position.

Issues of China's Perspective on the Proposal

The authors rate this policy proposal as difficult in terms of the reaction it likely would receive in the PRC. The PRC would not welcome this sort of clarification by the U.S., since it represents a firm U.S. commitment to oppose forceful reunification -- an option that the PRC continues to embrace.

Depending on the PRC's willingness to cooperate with the U.S. at the time the new policy is announced, and for some significant period of time thereafter, U.S. officials would have to work hard to convince the PRC that the new policy represents a sincere U.S. effort to avoid hostilities. It would be particularly difficult to convince the PRC of the genuineness of U.S. resolve to withhold military support from Taiwan in the event of a unilateral declaration of independence by Taipei. Ultimately, however, the authors believe that the U.S. could announce the recommended policy without an unmanageably severe backlash in a currently cooperative climate in which the PRC has demonstrated, at least thus far, more willingness than not to accede to even the most potentially controversial actions the U.S. has taken in its war on terrorism.

Overall Assessment

After weighing the conclusions of the preceding analyses, the authors rate this policy proposal as difficult, with some challenging sub-elements. Despite the difficulties inherent in implementing this proposal, the authors believe that it is well worth pursuing. The U.S. policy of strategic ambiguity has outlived any usefulness it once might have had, since in spite of it (or even arguably because of it) the U.S.-PRC-Taiwan relationship is entering a new era fraught with a rising potential for miscalculation. The very necessity for a change, however, in conjunction with certain strategic windows of opportunity offered by the war on terrorism, also makes it a new era filled with a rising potential for engagement and transparency.

Description of the Problem: Military Engagement and Weapons Sales

A closely related aspect of U.S. policy toward the PRC and Taiwan is the overall U.S. strategy of military engagement with both parties, as well as selective weapons sales to Taiwan. A more sharply focused engagement strategy with the PRC, in which an equitable measure of reciprocity is gained, could contribute significantly toward stabilizing the wild swings that have characterized the U.S.-PRC relationship over time. Similarly, the U.S. traditionally has used military weapons sales as a means of reassuring the Taiwanese regarding U.S. commitment. A focused set of military engagement activities with, and selective sales of weapons to, Taiwan could assuage significantly Taiwanese concerns regarding U.S. resolve. As the Defense Department has noted:

[m]ilitary contacts with potential adversaries can help shape the security environment in two ways: they can increase mutual understanding about each other's national defense organizations and decision making processes, decreasing the likelihood of hostility or confrontation based on misperception; they can also heighten potential adversaries' appreciation for U.S. military capabilities and professionalism, reinforcing for them the costs of military adventurism.³⁴

Military-to-military engagement activities have become a cornerstone of U.S. national military strategy generally. The Commanders-in-Chief (CINCs) of the unified regional commands employ military-to-military engagement activities somewhere in their respective areas of operation nearly every day in support of national security strategy. Most recently, the

³⁴ Department of Defense, Annual Report to the President and the Congress, (2000): 5.

U.S. has opted to re-engage the PRC. Admiral Dennis Blair, the current CINC, U.S. Pacific Command, has taken the lead in re-establishing this contact. Initial plans appear to envision visits between flag and general officers. While it is a start, this arrangement will not go far enough toward breaking down barriers and keeping them down over a sustained period unless the range of contact is significantly expanded. Ultimately, such an engagement strategy should incorporate a variety of high level visits, officer exchanges at various ranks, participation in confidence-building measures, and encouragement of PLA participation in multilateral fora. An important consideration, as urged by Larry Wortzel and others, would be to ensure that such U.S. engagement activities do not contribute directly to the improvement of the PLA's war fighting capabilities.³⁵ Clearly, though, the U.S. should start slowly, and be willing to explore new opportunities as they arise.

For example, the U.S. should consider a three- to six-month exchange program involving senior captains and majors at command and general staff-equivalent courses. Obviously, language proficiency would be required. The best way for the U.S. to ensure that the language requirement is met, as well as to provide significant continuity of contact over time between the U.S. officers and their PRC counterparts, would be to populate the exchange program with foreign area officers at the outset. The U.S. could expand its pool of participating officers at a later date if the exchange program proves fruitful. The U.S. also should consider an exchange of instructors at respective military academies. In fact, before the EP-3 incident in April 2001, the PLA already had visited the U.S. Military Academy at West Point, so interest clearly exists, and a precedent for following through may have been established. Given the unequal nature of past U.S.-PLA exchanges and visits, however, the U.S. should obtain equally reciprocal access from Beijing for future U.S.-PLA interaction. This military-to-military engagement must be a long-term strategy, which will not yield immediate results but will pay off in the long run, provided that the U.S. remains consistent and firm in its approach.

As another example, the U.S. safely could allow the PLA to observe aspects of ongoing U.S. peacekeeping or humanitarian operations in select locations, such as already have been done in East Timor, and should consider allowing the PLA to observe the activities of the international security force in Afghanistan. PLA observance of U.S. military participation in domestic

³⁵ See Larry Wortzel, "Why Caution is Needed in Military Contacts in China," American Heritage Foundation Backgrounder, 1340 (2 December 1999), and Kenneth W. Allen and Eric A. McVadon, China's Foreign Military Relations, 32, Henry L. Stimson Center, October 1999 <<http://www.stimson.org>>

responses to natural disasters such as hurricanes and forest fires also may provide a useful point of departure. With an eye toward creating opportunities for participation, a U.S. military-to-military engagement program could facilitate the PRC's becoming part of the world order rather than continuing to remain outside it.

To the degree that such exchange programs would provide transparency, they also should demonstrate, in some measure, U.S. capabilities and resolve. In fact, the principal goal of the proposed military-to-military engagement programs would be to decrease the risk that PRC miscalculation would lead to conflict. By facilitating the development of interpersonal relationships among military officers, such programs would promote better understanding and a measure of cooperation not possible previously, as well as open numerous new formal and informal channels of communication.

While these considerations are probably most trenchant in their application to the PRC, they certainly apply to Taiwan as well. Therefore, the U.S. also should increase military-to-military engagement activities with Taiwan, with the added goal of addressing system interoperability and combined operations issues that would become critical if the U.S. ever had to join forces with Taiwan in a war with the PRC. An increase in U.S.-Taiwan military-to-military activities would have the further benefit of providing some reassurance to Taipei under the new policy. As the Department of Defense has noted in its annual report to the Congress for the year 2000,

[e]ven when potential rivals are not part of a multilateral security arrangement, the United States can make use of its bilateral security relationships with them to encourage cooperation, act as an honest broker and reassure them about each other's intentions. Similarly, enhanced interoperability also contributes to achieving transparency and building trust and confidence.³⁶

With regard to the sale of defensive weapons to Taiwan, the U.S. should concentrate on shoring up critical weaknesses in Taiwan's armed forces in three areas: air and missile defense, antisubmarine warfare, and C4ISR. The U.S. should sell Taiwan additional P-3 Orion anti-submarine warfare aircraft and the Patriot PAC 3 air/missile defense system, as well as provide additional improved short-range air defense systems. To enhance Taiwan's current minesweeping capability, the U.S. should sell Avenger class mine countermeasure ships or

³⁶ DoD, Annual Report, (2000): 5.

Osprey class mine hunter ships. Finally, the U.S. should assist in building a credible and survivable C4ISR infrastructure for Taiwan's military.

Limited sales of purely defensive systems would signal U.S. resolve to Beijing and provide reassurance to Taipei, without introducing any genuinely destabilizing new factors into the equation.³⁷ Given the significant and growing array of mainland TBM forces targeted at Taiwan, the U.S. needs to provide Taiwan with some limited additional capability to redress the current severe imbalance of forces. While Taiwan alone still would not be able to defend all its facilities over an extended period, it might be able to defend critical facilities for a short time, thereby depriving the PRC of a quick victory in the interval before the U.S. could come to Taiwan's assistance. Finally, improving Taiwanese C4ISR and interoperability with U.S. systems not only would permit Taiwan to maximize its own military capabilities, but also very importantly would reduce the risk of fratricide if it became necessary for the U.S. to defend Taiwan. The minimization of such risks to each other's forces, should the PRC actually attack, will be critical to the U.S.'s and Taiwan's abilities to mount a successful defense.

Policy Proposal #2: Increase Military Engagement and Defensive Weapons Sales

In furtherance of the first policy proposal, and with the goal of making its recommended changes more palatable to both the PRC and Taiwan, the U.S. should increase military-to-military engagement with both Beijing and Taipei through a set of narrowly focused military contacts with the PLA to enhance deterrence and promote better understanding; and with Taiwan's defense forces to provide reassurance and to address interoperability issues that would be crucial to achieving victory if the U.S. should have to come to Taiwan's defense.

- First, the U.S. should engage the PLA in a variety of focused activities such as military education and peacekeeping operations through high level visits, lower level exchanges, confidence-building measures, and participation in multilateral fora.

- Second, the U.S. should engage Taiwanese military officers in a similar set of activities, with an emphasis on addressing issues of interoperability.

³⁷ The enhancement of defensive capabilities is not inherently destabilizing, as is the enhancement of offensive capabilities, since the development of the former generally lags behind that of the latter. This is as true of Taiwan's defensive capabilities as it is of any other nation's defensive capabilities. Arguments to the contrary tend to reflect a smokescreen position advanced by the PRC to disguise the fact that it has developed, and intends to continue developing, its offensive capabilities without regard to anything Taiwan may or may not do as part of its own weapons acquisition and development programs.

- Third, the U.S. should continue to sell Taiwan a limited number of purely defensive weapons systems, as set forth by the 1979 Taiwan Relations Act. By providing narrowly focused types of weapons, the U.S. can help Taiwan counter those PRC military capabilities that most directly threaten it: submarines, aircraft, and ballistic and cruise missiles. The U.S. also should help Taiwan address its C4ISR shortfalls, particularly from the standpoint of interoperability with U.S. systems.

- Finally, the U.S. should ensure that it does not sell Taiwan any clearly offensive weapons systems and, therefore, it should cancel the current proposed sale of diesel submarines to Taipei.

Viability of Policy Proposal

Do Organizational and Technical Means Exist?

The authors rate this policy proposal as straightforward in terms of the ease with which it could be implemented. Military-to-military engagement long has been a key ingredient in U.S. national military strategy, and it could provide an excellent means of beginning to remove barriers between the U.S. and the PRC. Significantly, it is not without precedent, and certain steps toward cooperation already are being taken. The U.S. and the PRC engaged in limited military-to-military activities prior to the downing of the EP-3 in April 2001. In the aftermath of 9/11, some tentative overtures are already occurring, most recently in the form of a December 2001 U.S. Navy port call in Hong Kong.³⁸ As described above, the U.S. military has put all the necessary mechanisms in place to begin to execute a strategy of re-engagement with the PRC.

The U.S. actively should encourage the PRC to participate in peacekeeping activities, since such participation would force the PRC to be part of a solution, rather than remain in its more usual role of hindrance or naysayer. It also should be fairly easy to convince the PRC to participate, since involvement in such activities would play to the PRC's quest for international respect and recognition. A precedent already has been established under United Nations

³⁸ Ray Cheung, "Sino-U.S. Ties Set to Resume," South China Morning Post, 5 December 2000
<<http://www.scmp.com>>.

auspices in East Timor, where the PRC had a small observer team on the ground with the peacekeeping forces there.³⁹

Military-to-military engagement activities with Taiwan are already well established; but, in addition to providing Taiwan with the C4ISR systems mentioned above, the U.S. should begin to formulate a series of joint military exercises with Taiwan's defense forces to enhance interoperability. Finally, the necessary organizational and technical means for selling defensive weapons to Taiwan have been in place since the Taiwan Relations Act was passed in 1979.

Issues of U.S. Domestic Support

The authors rate this policy proposal as challenging in terms of the support it likely would receive in the U.S. Despite policy splits internally among experts both in and out of government, the majority of the American public likely would view a strategy of parallel engagement with both the PRC and Taiwan as a stabilizing force in the Straits. Smaller numbers of Americans at the far ends of the political spectrum likely would be more troubled by certain aspects of the new policy. On the one hand, political hawks likely would view favorably support given to Taiwan in the form of additional weapons sales, military engagement activities, and military interoperability exercises; but they would be less sanguine about military-to-military engagement with the PRC and would be especially concerned about the U.S.'s encouraging PRC participation in any peacekeeping activities. Conversely, political doves, which are the strongest proponents of engaging the PRC, would be most concerned about U.S. weapons sales to Taiwan.

Issues of Allied Support

The authors rate this policy proposal as straightforward in terms of the support it likely would receive from major U.S. regional allies Japan, South Korea, and Taiwan. Both Japan and South Korea should welcome any moves that enhance cooperation, create additional channels of communication, and mitigate the potential for open conflict between the U.S. and the PRC.

Taiwan should see any lessening of tension between the U.S. and the PRC as a favorable development -- one that at least reduces pressure on Taipei. Military sales and interoperability

³⁹ ADM Dennis C. Blair, Remarks before the 2001 Pacific Symposium, National Defense University and Asia-Pacific Center for Security Studies, 26 March 2001, <<http://www.pacom.mil/speeches/sst2001/010326pacsymp.htm>>.

exercises should renew Taiwan's confidence in U.S. resolve to prevent the PRC from taking Taiwan by force.

Issues of China's Perspective on the Proposal

The authors rate this policy proposal as straightforward in terms of the support it likely would receive in the PRC for U.S.-PRC military-to-military engagement activities, and challenging with regard to PRC support for U.S. military-to-military engagement activities with, and weapons sales to, Taiwan. While Beijing should welcome the advent of more normal relations between the PLA and the U.S. military, it will be less sanguine about U.S. military engagement with, and weapons sales to, Taiwan. Since the PRC considers weapons sales to Taiwan as interference in its internal affairs, Beijing likely would continue to issue critical statements for domestic consumption and to rattle the Taiwanese. In addition, the U.S. could expect some retaliatory PRC intransigence on unrelated issues important to the U.S.

Overall Assessment

The authors rate this policy proposal as challenging but nevertheless well worth pursuing. Its limited mix of military engagement activities with the PLA would contribute to breaking down Cold War-era barriers between the U.S. and the PRC, while spotlighting U.S. military professionalism and resolve. Simultaneously, its provision to Taiwan of limited types of defensive weapons systems and its initiation of military interoperability exercises with Taiwan's defense forces could contribute an additional measure of deterrence without tipping the balance of military power in the Straits in an overly provocative manner.

Conclusion

Although difficult to implement in certain respects, the two policy proposals outlined above offer the U.S. a means of defusing a potentially dangerous flashpoint that has only gained in volatility during the years in which strategic ambiguity has been the cornerstone of official U.S. policy toward it. The articulation of a firm and transparent U.S. resolve to defend Taiwan from PRC attack unless Taiwan has issued a unilateral declaration of independence; the implementation of a balanced set of military-to-military engagement activities with both the PRC and Taiwan; and the limited sale of purely defensive weapons systems to Taiwan to offset to

some degree the PRC's growing offensive advantage should provide a rational and effectively deterrent framework within which the PRC and Taiwan can work to resolve their dispute peacefully.

*Chapter 3:
Weapons of Mass Destruction*



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⁴⁰ DF 31 ICBM's on Parade <<http://www.members.tripod.ca/shaohz/news11.html>>

Introduction

The September 11th attacks dramatically highlighted that some terrorist groups pursue causation of mass civilian casualties as an objective. Any doubt about the need to prevent terrorist organizations from obtaining the means to construct weapons of mass destruction was erased in the aftermath of those attacks. One goal of US security policy in light of September 11th must be to prevent the spread of weapons of mass destruction (WMD) to terrorist groups. US policy toward China, therefore, should reflect a newfound urgency to prevent the proliferation of materials, technologies, or expertise to build nuclear, radiological, chemical or biological weapons.

Description of the Problem

The Central Intelligence Agency, in its unclassified semi-annual reports to Congress on WMD technology acquisition, has consistently identified China as a supplier of missile and dual-use chemical/biological warfare technology to countries of US concern, such as Iran, Pakistan, North Korea, and Libya.⁴¹ In its January 2002 report, the CIA posits continued contacts between Pakistani and Chinese entities to the benefit of Pakistan's nuclear program. Such contacts would violate China's May 1996 pledge to the US to withhold assistance from unsafeguarded nuclear facilities.⁴² While confirming that China appears to be meeting its stated pledge to cease nuclear cooperation with Iran beyond completing two identified projects, the CIA characterizes other Chinese contacts with Iran on nuclear projects as "troublesome." The report states that Iran continues to seek Chinese assistance in obtaining dual-use chemical warfare equipment. The report also equivocates on concluding whether China continues to provide any dual-use equipment. Finally, the report warns that weak export control systems in China (as well as in Russia and India) may provide an opportunity for private companies, engineers and scientists to engage in WMD proliferation.⁴³ These CIA judgments, substantively unchanged in semi-annual reports submitted over the last two years, have supplied ample ammunition for the debate over China's sincerity in addressing WMD proliferation. But there is debate precisely because

⁴¹ CIA, "Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 January Through 30 June 2001," Report, January 2002 <<http://www.cia.gov/cia/publications/pubs.html>>. Previous CIA reports covering the periods 1 January 1998 through 30 June 1998, 1 January 1999 through 30 June 1999, 1 July 1999 through 31 December 1999, and 1 January 2000 through 31 Dec 2000 are <<http://www.cia.gov/cia/siteindex.html#Reports>>.

⁴² CIA report, "1 January Through 30 June 2001."

⁴³ CIA report, "1 January Through 30 June 2001."

China's policies and actions to counter proliferation have evolved significantly over the last decade. Arising from a mix of incentives ranging from China's recognition of the dangers of proliferation, to concern over China's image in the international community, to pressure brought to bear by the US, China has made counter-proliferation progress as evidenced by international agreements and bi-lateral pledges to the US.⁴⁴

Prior to 1991, China's participation in international WMD agreements was limited to the Biological Weapons Convention (BWC) that it joined in 1984.⁴⁵ The decade of the 1990s, however, marked China's move from bystander to nominal adherent of international counter-proliferation agreements. China announced that it would abide by the terms of the Missile Technology Control Regime (MTCR) in 1991 and reaffirmed this pledge in 1994.⁴⁶ In November 2000, China pledged not to assist in the development of ballistic missiles which exceed MTCR limits and which can carry nuclear weapons.⁴⁷ China acceded to the Nuclear Nonproliferation Treaty (NPT) in 1992, the Chemical Weapons Convention (CWC) in 1993, and the Comprehensive Test Ban Treaty (CTBT) in 1996. In 1997 China joined the Zangger Committee on nuclear trade. In 1998 China voted for UN Security Council Resolution 1172 that sought to prevent exports to India's and Pakistan's nuclear weapons or missile programs.⁴⁸ In a 1998 joint statement with President Clinton, President Jiang reaffirmed China's commitment to adhering to, and even strengthening, the BWC.⁴⁹ Notably, China is not a member of the Nuclear Suppliers Group (NSG), the Australia Group, or the Wassenaar arrangement.⁵⁰ The counter-proliferation significance of these agreements and pledges lies in what each requires and prohibits. The political significance lies in China's view of how these agreements are negotiated and enforced.

⁴⁴ Jing-Dong Yuan, "Assessing Chinese Nonproliferation Policy: Progress, Problems and Issues for the United States," Prepared statement for the U.S.-China Security Review Commission Hearing on China's proliferation policies, October 12, 2001 <<http://cns.miis.edu/pubs/other/jdtest.htm>>.

⁴⁵ Milton Leitenberg, "Biological Weapons Arms Control," Project for Rethinking Arms Control, Center for International and Security Studies at Maryland (1996): 38 <<http://www.ceip.org/files/projects/npp/pdf/leitenberg.pdf>>.

⁴⁶ Shirley A. Kan, "IB92056: China's Proliferation of Weapons of Mass Destruction and Missiles: Current Policy Issues," Congressional Research Service Issue Brief (December 11, 2001): CRS-1 <<http://www.house.gov/markgreen/crs.htm>>.

⁴⁷ DoD, "Proliferation: Threat and Response," Report (January 2001): 14 <<http://www.defenselink.mil/pubs/ptr20010110.pdf>>.

⁴⁸ Kan, "IB92056, China's Proliferation," CRS-1.

⁴⁹ "US-China Joint Statement on Biological Weapons," US State Department, <<http://usinfo.state.gov/regional/ea/uschina/bioweps.htm>>.

⁵⁰ Kan, "IB92056, China's Proliferation," CRS-15.

The Zangger Committee maintains a "trigger list" of nuclear-related equipment that is controlled by Article III.2 of the NPT, to which China is a signatory. The NSG, which was originally formed to include countries that were not members of the NPT, seeks to limit exports beyond Article III.2 of the NPT. Reinvigorated in the early 1990s, the NSG seeks controls not only on equipment, but also on dual-use technology. It requires full-scope International Atomic Energy Agency (IAEA) safeguards and a promise of peaceful use before permitting transfer of controlled equipment and technology.⁵¹

The Australia Group seeks to limit technology useful for production of chemical and biological weapons. The Group maintains a prohibited list of chemical precursors and biological pathogens and toxins as well as production equipment useful for producing chemical or biological weapons. The Australia Group requires members to establish export controls that aim to prevent the spread of chemical or biological weapons programs.⁵²

The Wassenaar arrangement includes limits on the exports of dual-use technology as a subset of more general guidelines seeking to reduce the flow of arms to "countries of concern" such as Iran, Iraq, Libya, and North Korea. Each signatory is obligated to prevent exports through their own legislative mechanisms. While the Wassenaar arrangement includes reporting requirements, no enforcement protocols exist.⁵³

The MTCR began as an agreement between the G-7 nations in 1987 to control the proliferation of missiles and related technology for delivering nuclear weapons. The agreement sought to control vehicles that could deliver a minimum 500kg warhead to distances greater than 300km. In 1993 member states broadened the targeted delivery systems to include any missile that could be used to deliver a WMD warhead at any range. Expressly prohibited is the export of complete facilities capable of manufacturing targeted delivery vehicles. The MTCR divides controlled exports into two categories. Category I covers complete missiles and major subsystems, and Category II includes technology, materials and components that could be used in missile production. The MTCR presumes that Category I items will rarely be exported, if

⁵¹ "Nuclear Export Control: The Zangger Committee and the Nuclear Suppliers Group," United States Mission to International Organizations in Vienna <<http://www.usun-vienna.usia.co.at/zangger.htm>>.

⁵² "Australia Group," Fact Sheet Released by the Bureau of Nonproliferation, U.S. Department of State, Washington, D.C., January 20, 2001 <<http://www.state.gov/t/np/rls/fs/2001/3528.htm>>.

⁵³ "Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies," Fact Sheet Released by the Bureau of Nonproliferation, U.S. Department of State, Washington, D.C., March 22, 2000 <http://www.state.gov/www/global/arms/np/mtr/000322_wassenaar.html>.

ever. Category II items may be exported on a case-by-case basis and only with assurances that the items will not be used in a controlled missile system. The MTCR is not a treaty; rather, it is an agreement by adherents to control the exports of certain missiles and technologies through each state passing its own export control measures. The MTCR has no enforcement provisions. US law, however, requires the imposition of US economic sanctions on any entity violating the MTCR either as an exporter or as an importer.⁵⁴

China's embrace of the BWC, CTBT, CWC and NPT, while maintaining at arms length the MTCR, NSG, Australia Group and Wassenaar Arrangement, appears, at first glance, capricious. The CWC contains some of the most intrusive compliance inspection provisions of any treaty, so traditional Chinese concerns over infringement upon sovereignty do not explain the difference. Under US pressure, China has pledged to abide by most restrictions of the MTCR. China has announced three guiding principals for nuclear exports which are in harmony with NSG guidelines, noting them in its 1998 Defense White Paper: peaceful use, IAEA safeguards, and no export to a third party without China's consent.⁵⁵ In June 1998, China expanded chemical export controls to include 10 of 20 Australia Group chemicals not listed in the CWC.⁵⁶ Thus, China's actions appear to demonstrate concern for counter-proliferation, but China remains outside of certain agreements initiated primarily by Western powers. China's selectivity regarding counter-proliferation agreements may be explained by this statement from its 1998 Defense White Paper: ". . .the existing discriminatory and exclusive export control mechanisms and arrangements should be overhauled and rectified comprehensively, and a fair and rational international non-proliferation system should be set up through negotiations on the basis of universal participation."⁵⁷ China has expressed disdain for agreements in which it had no hand negotiating. In response to a question about joining the MTCR, Chinese Embassy spokesman Zhang Yuanyuan noted one reason for China's reluctance was that the agreement was drawn up without Chinese participation.⁵⁸ China's avoidance of certain arms control

⁵⁴ See "Arms Control Association Fact Sheet, Missile Technology Control Regime, 2001," <<http://www.armscontrol.org/factsheets/mtr.asp>>, and "MTCR Fact sheet, Sept 15, 1997," Federation of American Scientists <<http://www.fas.org/nuke/control/mtr/docs/mtr96.htm>>.

⁵⁵ Information Office of the State Council, PRC, "China's National Defense," White Paper, July 1998 <<http://russia.shaps.hawaii.edu/security/china-defense-july1998.html>>.

⁵⁶ DoD, "Proliferation: Threat and Response" 17.

⁵⁷ PRC, "China's National Defense," 1998.

⁵⁸ Peter J. Scoblic, "China Issues Missile Export Pledge," *Arms Control Today*, 30.10 (2000), Arms Control Association, Washington D.C. <http://www.armscontrol.org/act/2000_12/chinadec00.asp>.

regimes thus appears to reflect China's political concern for the agreement process more than it reflects dissatisfaction with the substance of the counter-proliferation arrangement.

China's proliferation indiscretions, from a U.S. standpoint, center on missile technology exports and Pakistan. On the positive side of the counter-proliferation ledger, China appears to be abiding by its pledges regarding Iran's nuclear program.⁵⁹ On the other hand, China's missile exports to Pakistan raised questions throughout the 1990s over the sincerity of China's MTCR pledges. Debate over China's exports of missile-related technology turned on questions of interpretation and the spirit versus the letter of the agreement.⁶⁰ In November 2000, the Clinton administration declared that China had transferred M-11 short-range ballistic missiles to Pakistan, a violation of MTCR Category I, and transferred technology in violation of Category II. The administration waived sanctions in return for a renewed Chinese pledge to adhere to the MTCR.⁶¹ The economic benefits of missile technology exports and China's pursuit of regional strategic influence with Pakistan to balance India will likely continue to provide opportunities for Sino-US discord. In September 2001, the US sanctioned a Chinese company, China Metallurgical Equipment Corporation (CMEC), for exporting missile technology to Pakistan, which violated Category II of the MTCR.⁶²

While not minimizing the importance of these disagreements, 9/11 has changed the associated political calculus in two ways. First, the US-Pakistan relationship has changed fundamentally, providing additional avenues for the US to potentially influence Pakistan's missile programs. Second, the need to prevent the spread of WMD to terrorists has gained a new sense of urgency. It is in the second area that 9/11 presents both opportunity and urgency for US policy *vis-à-vis* China. At this intersection lie two paths to interdict terrorists. The first path seeks to increase visibility and accountability on the materials terrorists need to construct WMD. The second pursues increased security to prevent the theft of WMD or the materials to make them. While the US was attacked on 9/11, the US is not the only nation at risk from a terrorist WMD strike. All nations, including China, have a stake in preventing the spread of WMD to terrorists. From this shared interest flow two policy recommendations.

⁵⁹ DoD, "Proliferation: Threat and Response," 18.

⁶⁰ Kan, "IB92056, China's Proliferation," CRS-1.

⁶¹ Kan, "IB92056, China's Proliferation," CRS-5.

⁶² See Kan, "IB92056, China's Proliferation," CRS-5 and Alex Wagner, "No Deal Reached on Chinese Missile Proliferation," Arms Control Today, March 2002. Arms Control Association, Washington D.C.. <http://www.armscontrol.org/act/2002_03/chinamarch02.asp>.

Policy Proposal #3: Pursue Chinese Agreement To Negotiate Fissile Material Controls

Terrorist organizations have attempted to acquire the materials they need to build WMD. The *Washington Post* reported that two Pakistani nuclear scientists might have provided technological expertise to members of the *al Qaeda* terrorist organization seeking to build a nuclear or radiological weapon.⁶³ A witness in the trial of terrorists accused of bombing two US embassies in Africa claimed *al Qaeda* has been attempting to obtain fissile material to build a nuclear weapon for the last decade.⁶⁴ Nuclear weapons may not be the easiest WMD for terrorists to employ, but the evidence indicates they pursue such weapons nonetheless.

To build a nuclear weapon, terrorists will need to obtain fissile material. Since the facilities needed to produce fissile material are large and complex, it is extremely unlikely that terrorists could produce such materials themselves. The BWC and CWC have made strides in controlling the proliferation of chemical and biological weapons. The NPT provides inspections and accountability of fissile material through the IAEA for its non-nuclear weapon state signatories. Missing from the existing protocols is any visibility or accountability for the continued production of fissile material suitable for nuclear weapons by the five declared nuclear weapons states (US, France, United Kingdom, Russia, China), the two non-NPT nuclear weapon states (India, Pakistan), and the non-NPT presumed nuclear weapon capable state, Israel.⁶⁵

The US has supported a start to negotiations for a Fissile Material Cut-off Treaty (FMCT) in the UN Conference on Disarmament (CD) since 1993, but to no avail. China has effectively blocked any start to FMCT negotiations by linking them to negotiations on a space weapons treaty and nuclear disarmament.⁶⁶ The US position is that linking these issues in a forum requiring unanimity is tantamount to defeating negotiations by inducing guaranteed paralysis. China has rejected the US counter-offer to separate the issues by discussing space weapons and nuclear disarmament in two ad hoc committees and negotiating FMCT in a different committee.⁶⁷

⁶³ Kamran Khan and Molly Moore, "Two Nuclear Experts Briefed Bin Laden, Pakistanis Say," *The Washington Post*, 12 December 2001 <Lexis-Nexis Search>.

⁶⁴ CIA report, "1 January Through 30 June 2001."

⁶⁵ Guy B. Roberts, "This Arms Control Dog Won't Hunt: The Proposed Fissile Material Cut-off Treaty at the Conference on Disarmament," *US Air Force Institute for National Security Studies (INSS) Occasional Paper 36*, Arms Control Series, January 2001 <<http://www.usafa.af.mil/inss/ocp36.htm>>.

⁶⁶ See PRC, "China's National Defense in 2000," and Roberts, "Dog Won't Hunt."

⁶⁷ "Deadlocked and Waiting at the UN Conference on Disarmament," *Arms Control Today*, 30.10 (Dec 2000), Arms Control Association, Washington DC <http://www.armscontrol.org/act/2000_12/greydec00.asp>.

Negotiating some version of a FMCT that includes the verifiable halt in production of fissile material would be an important first step toward an ultimate goal of gaining international accountability for all fissile material. 9/11 should serve as a warning to the international community that states producing fissile material may be sowing the seeds that enable WMD use by future terrorists.

Specifically, the authors propose the US seek Chinese agreement to allow negotiations to begin on FMCT as a response to the terrorist WMD threat underscored by 9/11. The US strategy should rely primarily on pressure exerted on China by the international community. To bolster international pressure, the US should continue to support the previously offered separate negotiations addressing Chinese concerns of space weapons and nuclear disarmament. While the US effort should remain low key, a proposal such as the one discussed in the next chapter, including China in the P-8, may provide a carrot to encourage China's acquiescence on FMCT negotiations. A US strategy of indirect pressure has led to past Chinese progress on counter-proliferation efforts, as exemplified by Chinese pledges to observe MTCR guidelines and to address export controls. A complete discussion of US proposals and strategies for FMCT negotiations lies beyond the scope of this analysis. Rather, this proposal seeks to capitalize on the changed circumstances post-9/11 to break the Chinese-induced deadlock at the UN CD and begin substantive FMCT negotiations.

Viability of Policy Proposal

Do organization and technical means exist?

The US has pursued FMCT negotiations for years. The UN CD remains ready to begin serious discussions. Therefore, the authors rate this element as straightforward.

Issues of US Domestic Support

The US has supported FMCT negotiations, but resisted linkage with other issues as impractical. The US has already agreed to IAEA monitoring of 90 metric tons of stockpiled highly enriched uranium and plutonium out of 200 tons removed from the US stockpile. In bilateral negotiations with Russia, the US has agreed to purchase up to 500 metric tons of highly enriched uranium from dismantled Soviet nuclear weapons and to place this material under

IAEA supervision.⁶⁸ US commitment to negotiating on FMCT remains strong, as noted by Deputy Undersecretary of State John Bolton in his January 2002 opening address to the UN CD.⁶⁹ The US has already halted the production of fissile material.⁷⁰ Preserving an option for nuclear testing to verify the safety and functionality of nuclear weapons that led the US Senate to reject the Comprehensive Test Ban Treaty addresses a different issue and does not prejudice support for FMCT. The US record supporting FMCT negotiations is clear. The authors rate garnering US political support for this policy as straightforward.

Issues of Allied Support

The European Union went on record at the CD in a declaration dated September 1999 as supporting an immediate start to FMCT negotiations.⁷¹ Ambassador Grey, the US representative to the CD, noted in a December 2000 interview that all states except Russia, China and Pakistan had accepted the US proposal to discuss the FMCT, space weapons and disarmament issues separately. He claimed Russia could be persuaded, and that China (supported by Pakistan) was the last remaining roadblock to negotiations.⁷² In the 2002 CD session, Russia, while still requesting discussions on a space weapons treaty, appears ready to begin FMCT negotiations. Pakistan, which parroted the Chinese line previously, has not done so in the first half of the 2002 negotiating session. This leaves China as the sole remaining impediment to starting negotiations among the 66 members of this UN conference.⁷³

While support for beginning negotiations is strong, actually obtaining agreement on a FMCT may prove difficult. The NPT already contains inspection measures to counter proliferation in the non-nuclear weapons states. Some proposals would have similar IAEA complete inspection regimes apply to all states, a position the nuclear weapons states likely will resist. Some states may seek to halt production of fissile materials not just for weapons but also for any military purposes. Again, the US and other states that rely on nuclear propulsion systems

⁶⁸ Roberts, "Dog Won't Hunt."

⁶⁹ "Bolton Calls for Stronger Curbs on Weapons of Mass Destruction," US Department of State, International Information Programs, 24 January 2002 <<http://usinfo.state.gov/topical/pol/arms/02012402.htm>

⁷⁰ Roberts, "Dog Won't Hunt."

⁷¹ German Federal Foreign Office, "Prohibition of the Production of Fissile Material for Nuclear Weapons or other Nuclear Explosive Devices," August 2001 <http://www.auswaertiges-amt.de/www/en/aussenpolitik/friedenspolitik/abr_und_r/fmct_html>.

⁷² "Deadlocked and Waiting."

⁷³ Wade Boese, "Conference on Disarmament Begins 2002 Session," *Arms Control Today*, 32.2 (2002), Arms Control Association, Washington D.C. <http://www.armscontrol.org/act/2002_03/cdmarch02.asp>.

for warships would resist such bans. There is also debate over how to address the existing stockpiles of fissile materials. The US position is to address these issues sequentially, beginning with a FMCT that verifiably halts production of fissile materials. Remaining issues can be addressed after a production halt. One useful purpose of a FMCT would be to bring the three non-NPT states, Israel, India, and Pakistan, under some agreement. Here again, difficulties abound, as Israel would likely not agree to a FMCT in the absence of a Middle East Peace Plan. India and Pakistan would resist a FMCT that froze the existing nuclear balance in the opposing side's favor.⁷⁴ The issue of China's recalcitrance will be addressed below.

While ultimately obtaining an agreement on FMCT could prove difficult, starting negotiations once China drops its opposition should go smoothly. The authors rate the probability of gaining allied support for this policy, and more importantly, their cooperation in pressuring China to drop its isolated opposition to starting negotiations, as straightforward.

Issues of China's Perspective on the Proposal

China has refused to negotiate on FMCT until negotiations begin on a space weapons treaty and on nuclear disarmament. China's objection to FMCT appears to stem from displeasure over US pursuit of National Missile Defense (NMD). Realizing the strength of US desires to halt proliferation, China has attempted to link performance on its counter-proliferation pledges to US behavior it seeks to limit, such as arms sales to Taiwan and NMD research.⁷⁵ Through this lens, China seeks US concessions on NMD to start negotiations on FMCT. This does not indicate, however, that NMD concessions are the only way to bring China to the table.

China, along with the other four nuclear weapons states, negotiated and signed in 1997 the "Guidelines for the Management of Plutonium," which increases security measures and places plutonium excess to each state's nuclear weapons programs under IAEA safeguards.⁷⁶ The Department of Defense reported in 2001 that China no longer was producing fissile material,

⁷⁴ Lewis A. Dunn, "A FMCT: Can We Get From Here to There?" Disarmament Forum 2, 1999 <<http://www.unog.ch/unidir/2E-DUNN.PDF>>; Steve Fetter and Frank von Hippel, "A Step-by-step Approach to a Global Fissile Materials Cutoff," Arms Control Today, 25.8 (1995): 3-4

<<http://www.puaf.umd.edu/papers/fetter/act.pdf>>; and Roberts, "Dog Won't Hunt."

⁷⁵ Kan, "IB92056, China's Proliferation." CRS-12; Yuan, "Assessing Chinese Nonproliferation Policy."

⁷⁶ Hui Zhang, "A Discussion of China's Nuclear Transparency Options," In Proceedings of the 42nd Annual Meeting of the Institute for Nuclear Materials Management (INMM), Northbrook, IL: 2001

<<http://ksgnotes1.harvard.edu/BCSIA/Library.nsf/pubs/china-nuclearand>>, Roberts, "Dog Won't Hunt."

having stockpiled sufficient quantities to meet its weapons needs.⁷⁷ Undeniably, the US pursuit of NMD affects China's nuclear deterrent, and China is pursuing several approaches to modernize its nuclear forces.⁷⁸ Still, acceptance of the plutonium guidelines and the pause in fissile material production would seem to indicate that China could accept some form of negotiated fissile material production cut-off, if the offer came in a package it could accept. The combination of China's recent isolation as the sole hold-out in the CD, the pressure which the members of the international community (other than the United States) which seek FMCT negotiations could bring to bear, and the trade-offs the US can offer in economic areas important to China make this proposal possible, though not simple. The authors rate the chances of gaining Chinese agreement on this proposal difficult.

Overall Rating

The driving factor in beginning FMCT negotiations is Chinese support. The rating of difficult for the prospects of gaining Chinese support for an agreement thus drives an overall rating of difficult for this proposal.

Policy Proposal #4: New WMD Security Exchange Program

Even if initiatives began working perfectly today to halt fissile and other WMD material production and arrest proliferation, terrorist groups could still obtain WMD through theft, subterfuge, or other illegal methods. To counter such actions, states must ensure that they can effectively secure all WMD materials, methods, and technology from theft. To this end, the United States should pursue a security assistance exchange program in concert with the four other declared nuclear weapon states (France, United Kingdom, Russia and China) to enhance WMD-related security. Specifically, this program should begin by sharing information, conducting visits, and training jointly on security techniques, in-transit security, personnel accountability standards, and inventory control methods. The program should have the flexibility to grow as confidence builds in the utility of the program. The proposed program must avoid the "failed state" connotations associated with the Cooperative Threat Reduction program instituted with the states of the former Soviet Union. To preempt this connotation and

⁷⁷ DoD, "Proliferation: Threat and Response," 14.

⁷⁸ DoD, "Proliferation: Threat and Response," 13.

to avoid problems inherent in concluding a purely bi-lateral China-US arrangement, this policy proposes a program that includes all five declared nuclear weapons states. While all nations have a stake in WMD security, these five states have the obvious shared interest of protecting nuclear weapons, making this a reasonable starting point for broader WMD security discussions.

Viability of Policy Proposal

Do organization and technical means exist?

The Cooperative Threat Reduction (CTR) program, or Nunn-Lugar program as it is commonly known, has successfully directed a series of "chain of custody" projects in the states of the former Soviet Union with similar aims as those proposed by this policy.⁷⁹ Managing a program involving five states will certainly be more complicated, but not prohibitively so. Since the mechanism already exists to pursue such projects as part of CTR, the authors gauge expansion of such exercises to additional states as straightforward.

Issues of US Domestic Support

The now suspended US-China lab-to-lab technical exchange program shared some of the same objectives as those proposed by this policy. Begun in 1994, the lab-to-lab exchange was "unofficial," operating at the level of individual scientists rather than government officials. It provided "hands-on" training on techniques for establishing technical controls of nuclear materials.⁸⁰ The lab-to-lab exchange program came under Congressional fire as a vehicle used for Chinese espionage and was suspended.⁸¹

To win US political support, the proposed program must be clearly differentiated from the previous lab-to-lab exchange. This can be achieved by making the program "official" and by expanding it to include government representatives in addition to scientists. Pursuing a broad program initially focused on security and accountability, and which includes all five nuclear

⁷⁹ Office of the Coordinator of U.S. Assistance to the Newly Independent States, "U.S. Government Assistance to and Cooperative Activities with the New Independent States of the Former Soviet Union: FY 2000 Annual Report." (January 2001): 222-3 <<http://www.usaid.gov/countries/ge/>>.

⁸⁰ Nancy Prindle, "The U.S.-China Lab-to-Lab Technical Exchange Program," *The Nonproliferation Review* 5.3 (1998): 112 - 117 <<http://cns.miis.edu/pubs/npr/vol05/53toc.htm>>.

⁸¹ Shirley A. Kan, "RL30143: China: Suspected Acquisition of U.S. Nuclear Weapon Data," Congressional Research Service Long Report for Congress (Updated November 3, 1999): 32-33 <http://www.aagcn.org/hottopics/LosAlamos_txt/crs.pdf>.

weapons states, will help to diffuse some of the criticism that one state (China) is using the forum to spy on the US.

The fact remains that poorly secured WMD could end up in the hands of terrorists. It is clearly within the US national interest to help other states improve security for WMD materials and to consider how US security can be improved. Program administrators will have to assure critics, and put controls in place, to guarantee that the benefits of increasing WMD security outweigh the potential risks of exposing US vulnerabilities to espionage. Another potential benefit of the proposed exchange would be to avoid a recurrence of WMD security uncertainty experienced during the collapse of the Soviet Union. The world has already witnessed the types of WMD security problems an unexpected regime change can precipitate in a totalitarian state. Promoting contacts within the nuclear states may not only improve security of materials today, but also mitigate problems should unexpected events catch governments by surprise tomorrow. Given the atmosphere of distrust expressed by the Cox Committee report that must be overcome, the authors rate the US politics of this proposal difficult.

Issues of Allied Support

Improved WMD security benefits all states that could be potential targets of terrorism. Russia is already cooperating with the US in the CTR. The concerns of France and the United Kingdom likely mirror those of the US: namely, securing funding and preventing espionage. As discussed previously, anxiety over espionage can be difficult to allay. Given the complexity inherent in four-party negotiations and the issue's national security sensitivity, the authors rate gaining allied support as challenging.

Issues of China's Perspective on the Proposal

China's sensitivities on preserving state sovereignty will present the first hurdle to overcome in implementing this policy. China's accession to the CWC with its highly intrusive inspection regime may provide insight on how to approach China successfully with this proposal. Unimpeachable security for WMD-useful materials is in the interests of all parties. China's interest should be magnified because of the likelihood that stolen materials could be most easily used in the state in which they are stolen. Terrorists may plan a theft to avoid the risk of being caught transporting the materials across a secured border. In light of the internal problems China

is experiencing in Tibet and Xinjiang, the Chinese would be naïve to think that only the US could be a terrorist WMD target. By making this a proposal that includes all five of the nuclear weapon states, China should not see itself singled out for unwanted attention by the US. To further assuage China's reflexive distrust of a US initiative in this area, the US should first cultivate the idea with France, the United Kingdom, and Russia, and then encourage them to take the lead in bringing China into an arrangement.

The Cox Committee report accusations that China used the lab-to-lab exchanges as opportunities to spy will likely complicate negotiations, just as they complicate the task of gaining US political support.⁸² Broadening the scope of WMD security talks to issues other than nuclear materials and the inclusion of parties beyond the US and China will help to differentiate this program from the criticized lab exchange program. Protecting the national secrets of all states will have to be addressed to build a viable exchange. Still, the events of 9/11 lend urgency to this issue, as one can anticipate that terrorists will continue to probe any security weaknesses to obtain what they need to build WMD.

The US and European states should consider using economic incentives to gain Chinese acquiescence, including targeted assistance to help fund the exchange program. Just as CTR is an investment in US security, so this program would be an investment in the shared security of all nations from a WMD terrorist attack. The authors rate gaining Chinese support for this proposal as challenging.

Overall Assessment

Our analysis shows that gaining domestic US political support and Chinese support will pose the greatest challenges for pursuing this policy. Still, the events of 9/11 create urgency for all parties that can lead to a new understanding on the need for improved security, achievable through a shared approach. The authors rate the overall prospects for this policy as challenging.

⁸² U.S. House of Representatives, Report of the Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, House Report 105-851, All Volumes Overview (1999): ii <<http://www.house.gov/coxreport/>>. For a critique of the Cox Committee report see M. M. May, ed., "The Cox Committee Report: An Assessment," December 1999 <<http://cisac.stanford.edu/docs/cox.pdf>>.

Conclusion

Post 9/11, the task of preventing terrorists from obtaining WMD has gained new momentum. The urgency of the situation both opens the door to new proposals and increases the need to succeed. The two policy measures proposed, beginning negotiations to halt fissile material production and starting a WMD security exchange, are simple enough to deliver relatively quick results, but substantive enough to achieve significant progress. Both should be pursued to increase the security of the US against future attacks.

Chapter 4:
The Chinese Economy and U.S. Trade Relations



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⁸³ Workers in Changsha, <chinaphotospage.com/02changsha/01-04h.html>.

Introduction

Long after the war in Afghanistan has faded, the world's peace and prosperity will depend on two of the globe's most dominant players, the U.S. and China, getting along.⁸⁴ The current campaign against global terrorism has provided an opportunity for collaboration on a security matter important to both countries. Beijing, for its part, has promised to do its utmost to freeze the assets of terrorist organizations and to cut the flow of funds to terrorists.⁸⁵ Given this, however, the relative weight of importance differs between the two. Washington's stake is substantially greater than Beijing's.⁸⁶ China's motivation for helping the U.S. stems principally from its desire for increased U.S. trade and investment.⁸⁷ Chinese security managers have long recognized that only sustained economic success can assure of their four objectives: 1) successful servicing of social objectives to maintain domestic order; 2) restoration of the geopolitical centrality and status of China enjoyed for centuries before the modern era; 3) admittance to the core structures regulating global order and governance; 4) acquisition of critical civilian, dual-use, and military technologies necessary for sustaining Chinese security.⁸⁸ While the Chinese have not yet sought quid pro quos for their albeit limited contributions to the war against terrorism, it is reasonable to assume that they will expect some payback.⁸⁹

Description of Problem

This recent cooperation masks underlying and substantial differences between the two countries. China's power is rising in both absolute and relative terms.⁹⁰ But while the U.S. is largely content with the uni-polar status quo of the international system, China is not. Chinese observers categorically reject the notion that America should play the leadership role in the world. They see that role as self-assumed and connoting a hierarchical order in which the many are subordinated to one.⁹¹ The PRC is dissatisfied both with its relative rank in the pecking order and what it sees as U.S. lead efforts to infringe upon nation-state sovereignty. They fear

⁸⁴ Nicholas D. Kristof, "Our Man in Beijing," *New York Times*, January 25, 2002.

⁸⁵ Bonnie S. Glaser, *Congressional testimony before the House International Relations Committee's East Asia and the Pacific Subcommittee*, November 15, 2001. <http://www.house.gov/international_relations/glas1115.htm>

⁸⁶ Glaser, "East Asia Testimony."

⁸⁷ Bill Nichols, "China, U.S. Seem Determined to Let Bugging Incident Slide," *USA Today*, January 24, 2002.

⁸⁸ Michael D. Swaine, and Ashley J. Tellis, *Interpreting China's Grand Strategy*. Rand (2000): 99.

⁸⁹ Glaser, "East Asia Testimony."

⁹⁰ Shambaugh, David, "Facing Reality in China Policy," *Foreign Affairs* 80.1 (2001): 64.

⁹¹ Jisi Wang, "Beauty – and Beast," *Wilson Quarterly* 25.2 (Spring 2001): 62.

Bosnia, Kosovo and Afghanistan being replayed in Taiwan or Tibet. The U.S. is seen, at once, as their greatest economic partner and their gravest external threat.⁹² "The official Chinese line is that U.S. strategy is designed to Westernize, divide, and weaken China."⁹³ Their *Defense White Paper*, clearly directed at the U.S., states:

Hegemonism and power politics remain the main source of threats to world peace and stability; cold war mentality and its influence still have a certain currency, and the enlargement of military blocs and the strengthening of military alliances have added factors of instability to international security; some countries, by relying on their military advantages, pose military threats to other countries, even resorting to armed intervention; the old unfair and irrational international economic order still damages the interests of developing countries."⁹⁴

The Chinese views of their comparative military strength, *vis a vis* the U.S., have become more pessimistic over the last few years.⁹⁵ They see little to no movement in trends toward their desired, more multi-polar world and U.S. military strengths, in terms of precision strike and power projection capabilities, expanding relative to the PRC's. Chinese hardliners argue that U.S. unipolarity is very strong and persistent, which may require a more proactive effort to undermine it.

Because of their fundamental dissatisfaction with the international hierarchy, China tends to be a bystander in global collective security issues. In the past the PRC routinely abstained from UN Security Council votes. More recently, they have tended to vote with the majority of Security Council members on most issues and abstain from the more controversial. True, an abstention is certainly preferable to a veto for U.S. sponsored resolutions. While the authors certainly do not want them to play the "spoiler" by using their Security Council veto, the authors do want them to carry their fair share in supporting order and stability internationally. President Bush has called for a relationship with China that is candid, constructive, and cooperative.⁹⁶

⁹² Wang, "Beauty," 64.

⁹³ Wang, "Beauty," 64.

⁹⁴ PRC, *Defense White Paper*, 1998.

⁹⁵ Discussions with Professor Alastair Iain Johnston, Harvard University, from January thru March 2002 and his paper "Beijing's Security Behavior in the Asian-Pacific: Is China a Dissatisfied Power?" presented to the Cornell University workshop on Asia-Pacific Security, March 29 – 31, 2002.

⁹⁶ Donnelly, Shaun, Acting Assistant Secretary, Bureau of Economic and Business Affairs, U.S. Department of State, Statement to U.S.-China Commission's Public Hearing on WTO Compliance and Sectoral Issues January 18, 2002. <<http://www.uscc.gov/tescpr.htm/>>

Integrating the PRC more fully into the cadre of global economic and political leadership, through multiple international fora, is a prime way to accomplish that goal.

Policy Proposal # 5: Give China "Associate Member" Status in the G-7 (P-8)

Fully integrating the PRC within the cadre of global economic and political leadership through a process of graduate membership in the G-7 (P-8). This will allow for the closer cooperation and the resolution of disagreements through another prestigious multilateral venue. As an associate member, the PRC would be able to fully participate in all discussions of the group, present its own proposals, but not have veto power over group decisions or policy.

Since 1975, the heads of state or government of the major industrial democracies have been meeting annually to deal with the major economic and political issues facing the international community. The six countries at the first Summit, held at Rambouillet, France in November 1975, were France, the United States, Britain, Germany, Japan and Italy. They were joined by Canada at the San Juan, Puerto Rico Summit of 1976, and by the European Community (now European Union) at the London Summit of 1977. Since then full membership in the G-7 has been largely fixed. Since 1991 the USSR and now Russia has had a continuous dialogue with the G-7. Starting with the 1994 Naples Summit, the G-7 and Russia have met as the P-8 ("Political 8"), following each G-7 Summit. The Denver Summit of the Eight was a milestone, marking full Russian participation in all but financial and certain economic discussions; and the 1998 Birmingham Summit saw full Russian participation, giving birth to the G8 (although the G-7 continues to function along side the formal summits).⁹⁷

Viability of Policy Proposal

Do organizational and technical means exist?

The G-7 mechanism has consistently dealt with global macroeconomic management, international trade, and relations with developing countries. Questions of East-West economic relations, energy, and terrorism have also been addressed. From this initial foundation the agenda has broadened to include transnational issues such as the environment, crime and drugs, and political-security issues such as human rights, regional security and arms control. To help

⁹⁷ "From G-7 to G8," G8 Information Center, University of Toronto, January 30, 2002.
<http://www.g7.utoronto.ca/g7/what_is_g7.html>.

manage these issues the G-7/P-8 has developed a network of supporting ministerial forums: including trade ministers, foreign ministers, finance ministers, ministers of the environment, and significantly on terrorism in 1995. G-7/P-8 ministers have also met on an *ad hoc* basis to deal with pressing issues, such as: assistance to Russia, Ukraine, the global information society, crime, and energy. In addition to these ministerial meetings, the G-7 leaders have from time to time created task forces or working groups to focus intensively on certain issues of concern. Task forces on drug-related money laundering, nuclear safety, and transnational organized crime are examples.

The G-7/P-8 provides an important occasion for busy leaders to discuss major, complex international issues, and to the development of the personal relations that help them respond in effective collective fashion to sudden crises or shocks. The G-7/P-8 also gives direction to the international community by setting priorities, defining new issues, and providing guidance to established international organizations. At times it arrives at decisions that address pressing problems or shape international order more generally.⁹⁸

It should be relatively straightforward to integrate the PRC within this structure, using Russia's previous graduated participation as a model.

Issues of U.S. Domestic Support

U.S. objectives in its relationship with China go beyond economic interests. China's accession to the WTO advances U.S. interests in other critical areas, potentially strengthening of rule of law and civil society and giving China a greater stake in enhancing regional and global stability. In addition, China's WTO accession integrates it more firmly into the Pacific and world economies and gives China a greater stake in regional and global stability. This, in turn, enhances prospects for peace and prosperity in the Asia-Pacific region.⁹⁹

While the U.S. is China's largest merchandise export market,¹⁰⁰ the trade relationship in recent years has been characterized by a host of problems: from violations of U.S. intellectual property rights; restrictions on access to China's domestic market by U.S. firms; Chinese violations of the agreement governing the sale of imported textiles in the U.S. market; to the failure of the Chinese to provide national treatment for U.S. firms that seek to provide banking.

⁹⁸ "From G-7 to G8."

⁹⁹ Donnelly, *WTO Compliance*.

¹⁰⁰ "China Country Report," *The Economist Intelligence Unit*, December 2001. <<http://www.theeconomist.com/>>

insurance, shipping, and other services in China.¹⁰¹ China has agreed to undertake a series of important commitments to open and liberalize its regime in order to better integrate in the world economy and offer a more predictable environment for trade and foreign investment in accordance with WTO rules.¹⁰² In terms of U.S. economic interests, the measures that China has agreed to will create long-awaited opportunities for U.S. exporters and investors in the world's fifth largest trading entity. By entering the WTO, China has agreed to make one-way concessions to open its markets and bind itself to a rules-based, market-oriented trading system.¹⁰³ WTO membership, with its promise of expanded trade, further economic reforms, greater foreign direct investment, and the rule of law, should help China sustain its economic growth as it continues with structural reform.¹⁰⁴

On the downside, trade disputes between the U.S. and China are not likely to disappear during China's transition to WTO rules and regulations and as both countries avail themselves of the organizations dispute resolution mechanisms.¹⁰⁵ Although tariffs will be reduced as a matter of the course of WTO accession, protectionism will probably remain in other guises.¹⁰⁶ China indirectly tries to co-opt U.S. economic and political opposition by exploiting the U.S.'s pluralistic society to undercut any adverse political objectives that may be pursued by the U.S. government. Corporate America, with its significant economic interests deriving from large investments in China, becomes a powerful instrument conditioning the shape of U.S. strategic policy towards China. Meanwhile, Beijing has not hesitated to use its sovereign powers of preferential access and large commercial orders to encourage U.S. business groups to lobby the U.S. government for consequential changes in its strategic policies as the price for continued, profitable, interactions with China.¹⁰⁷ Although it is an admittedly simplistic portrayal, Congress, similar to the American business community, is split between China "hawks" and "doves." The peculiarity of this split is that it does not fall along traditional "conservative" and "liberal" fault lines. So called China "hawks" include both traditional geo-political

¹⁰¹ Thomas A. Metzger and Ramon H. Myers, Greater China and U.S. Foreign Policy, Hoover Institution Press, Palo Alto, CA (1996): 68.

¹⁰² World Trade Organization, Press Release #252, November 10, 2001.

http://www.wto.org/english/news_e/press01_e/pr252_e.htm >

¹⁰³ Donnelly, WTO Compliance.

¹⁰⁴ James P. Zumwalt, "How WTO Membership Affects China," Economic Perspectives, January 2002.

¹⁰⁵ Zumwalt, "WTO Membership."

¹⁰⁶ "China Country Report," The Economist Intelligence Unit, December 2001.

¹⁰⁷ Swaine, Grand Strategy, 117.

conservatives who see China as a rising competitor that must be countered and traditional liberals who are appalled at China's human rights record and its treatment of Tibet. China "doves" include both the conservative business caucus that seeks market access and some traditional liberals who believe that only engagement with China will lead to progress in the relationship.

Membership in the G-7/P-8 will provide another opportunity to smooth-flow U.S.-PRC trade and economic relations. The authors rate this as straightforward.

Issues of Allied Support

As seen by the previous admittance of Russia into the G-7 structure, the other six leading industrialized democracies have tended to follow the United States lead. This is likely be duplicated as regards to the PRC. The other six initial G-7 members are very interested in the economic advantages open to them by increased access to the Chinese mainland market. High-level multilateral discussions through the G-7 forums will provide additional opportunities for all in that regard. Japan actually raised the issue of PRC participation a few years ago but was rebuffed at that time by the Chinese. Although their rationale for this rejection was not clearly explained, presumably it stems from a belief that participation in additional politico-economic fora would dilute the primacy of their seat on the UN Security Council and hesitation to join any group within which they are not founding members, particularly one dominated by the U.S.

One of the only major sticking points for the allies would have to do with concerns about the underlying strength of the Chinese financial system and their desires to insulate their economies from any financial shocks that might occur from Chinese failures. International financial institutions rate all Chinese banks as having negative equity. The Chinese government has used its preferential credit system to grant special privileges to state owned enterprises (SOE). The SOEs have used their access to low-cost funding to create vast empires of overcapacity and inefficiency.¹⁰⁸ In toto, China's banks and SOEs hold non-performing loans equivalent to one-third of GDP.¹⁰⁹ The state owned banks that have underwritten the SOEs now confront the massive accumulation of bad loans that threaten the very viability of the entire

¹⁰⁸ William H. Overholt, "China's Economic Squeeze," *Orbis*, 44.1 (2000): 13

¹⁰⁹ Overholt, "Squeeze" 17.

financial system and similarly put the Chinese people's standards of living at risk.¹¹⁰ The cause of China's financial bubble is fundamentally a misallocation of capital and its worst-case scenario result would be a near total collapse of the banking system. As such, financial reform, in the form of more efficient capital usage, must be the core of any reform effort.¹¹¹

The second concern would be in regards to the corruption in the Chinese economy. Chinese economic wealth is centered on nepotism. The most successful entrepreneurs are those related to the founding fathers of the PRC, the several hundred CCP and military leaders. Political influence is transmuted into family wealth.¹¹²

Despite high profile cases of arrests, prosecutions and even a few executions of corrupt Chinese party members, the inherent problems of the system remain.

Again, if we use Russia as a model for comparison, the PRC's economy is still in much better condition than Russia's early 1990's near collapse. Despite these financial concerns, the authors rate this as straightforward.

Issues of China's Perspective on the Proposal

Chinese economic strategy focuses on the export of manufactured good and the import of technology and capital investment. With its 1.26 billion people China is a dichotomy of an urban, developed country along the coast and a rural, developing country internally.¹¹³ To grow at eight or even seven percent a year China must overcome many obstacles. The relatively easy tasks have already been done: liberalizing (most) prices, de-centralizing agricultural production, allowing for increased private and village entrepreneurship, permitting foreign direct investment. The more difficult tasks are in process and have made less progress: rationalizing state-owned enterprises to make them profitable; creating an urban social safety net to help the transitionally unemployed and to relieve SOEs from social obligations; rebuilding the financial system.

¹¹⁰ Overholt, "Squeeze" 27.

¹¹¹ Overholt, "Squeeze" 13.

¹¹² Steven W. Mosher, *Hegemon*, Encounter Books: San Francisco, CA (2000): 122-123.

¹¹³ "China," *CIA World Fact Book*. <<http://www.cia.gov/cia/publications/factbook/index.html>>

especially the banks, so it can finance efficiently a rapidly growing economy.¹¹⁴ The pace of reform is ultimately constrained by the economy's ability to absorb laid-off workers.¹¹⁵

Beijing's leadership will have their hands full ensuring compliance with the bilateral agreements negotiated as preconditions for WTO membership, while concurrently coping with the economic and political fallout. The Chinese Communist Party does not appear to have a unitary position concerning the G-7. Certain "more progressive" members would agree with the argument that the more multilateral venues available to China, the more opportunities they would have to press forward their own international issues. Counterarguments are that G-7 participation would dilute the status of the PRC's Security Council membership and would be a "sell out" of its self-appointed role as the voice of the developing countries to the champions of globalization.¹¹⁶ It is not certain if the pace of reform will continue after the March 2003 National Peoples Congress leadership changeover.¹¹⁷ This leadership consolidation, coupled with WTO integration, may temporarily halt Chinese willingness to expand participation into other global politico-economic fora. On the other hand, the new leadership, if looking for a symbol to establish their foreign policy bona fides, would not only gain prestige from the G-7/P-8 but also have another direct venue to influence coordinated global financial, economic and political policies. The authors rate this as challenging.

Overall Assessment

How well China fulfills its WTO obligations will directly affect its relationship with the U.S. Trade frictions will not disappear with WTO accession. However, Beijing has repeatedly emphasized its commitment to full WTO implementation. It is in both our interests to avoid minor trade frictions as will interfere with China's ability to meet their larger WTO obligations.¹¹⁸ Early next year the CCP will hold its five-year national congress. At that time the current crop of leaders will retire from their party posts. This succession suggests that the

¹¹⁴ Richard N. Cooper, *Testimony before United States China Commission*, Public Hearing on Chinese Budget Issues and the Role of the PLA in the Economy, (December 7, 2001). <<http://www.uscc.gov/tescpr.htm/>>

¹¹⁵ Overholt, "Squeeze" 13.

¹¹⁶ Discussions with Professor Alistair Iain Johnston, Harvard University, from October 2001 to February 2002.

¹¹⁷ "China Country Report."

¹¹⁸ Zumwalt, "WTO Membership."

Chinese leadership will be more cautious than usual in supervising economic reform and more ready to stifle internal dissent.¹¹⁹

In recent years there has been a vigorous debate about China's proper relationship with the G-7 and now P8 club of major industrial democracies. This forum is emerging as the center of global governance for the international financial system. During its quarter century in operation, the G-7/P-8 has evolved its relationship with China, moving from its post-Tienanmen characterization of China as an adversary and the object of collective G-7 scorn to a developing emphasis on China as a supportive player and potential associate of the G-7/8 in managing the many economic and political challenges of a globalizing, post-Cold war system. This progression was aided by the helpful role China played (also in concert with its own interests) in supporting the G-7's efforts to combat the Asian-turned-global financial crisis of 1997 by helping shore up south-east Asian currency markets. This new role for China has led to its inclusion in recently created forums such as the G22 and G20, with the G-7 at the core, to manage and modernize the international financial system. Its approach to these bodies and the issues at the center of their agenda, together with the assets and vulnerabilities China brings, suggest that it is time to develop options for further graduated associating of China with the G-7/P-8 itself.¹²⁰ The most difficult part of this policy proposal will be getting the Chinese leadership's concurrence, especially given their previous cold shoulder to Japanese initiatives. This opening can best be accomplished by early and frequent contact with the new Chinese leadership.

The authors rate this overall as challenging.

Conclusion

China's relationship with the United States has changed in tone, if not in substance, since the resolution of the EP-3 collision.¹²¹ Chinese and U.S. interests have converged, to some degree, in combating global terrorism. American national security was reprioritized in the aftermath of 9/11 and this has provided some opportunity for Washington and Beijing to work together. This has contributed to a short-term improvement in the relationship. However,

¹¹⁹ "China Country Report."

¹²⁰ John Kirton, "The G-7 and China in the Management of the International Financial System," Centre for International Studies, University of Toronto, January 29, 2002.

http://www.g7.utoronto.ca/g7/scholar/kirton199903_china7.htm

¹²¹ Elisabeth Rosenthal, "China Changes Its Approach in the Latest Espionage Incident," New York Times, January 26, 2002.

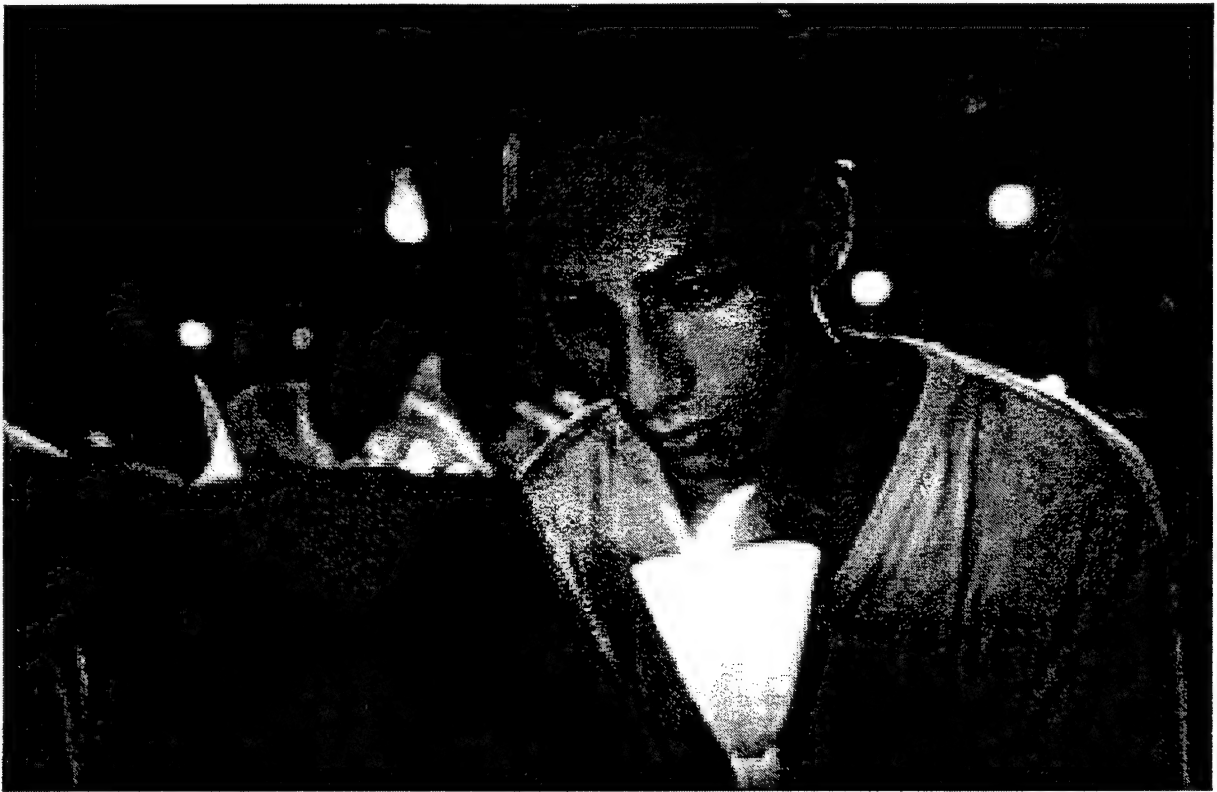
Chinese interests and U.S. are not exactly identical and in some ways they conflict. The long-standing areas of disagreement remain in the relationship and will continue to require careful management.¹²²

The most compelling reason why China wants to cooperate with the United States is that such a good relationship is a fundamentally necessary condition for China's continued economic growth. China's aspirations to become a great power by 2050 would be near impossible without sustained high-levels of U.S. foreign direct investment and access to U.S. markets.¹²³ Fully integrating the PRC within the cadre of global economic and political leadership will allow for the closer cooperation and the resolution of disagreements through another prestigious multilateral venue. The G-7/P-8 is the appropriate venue.

¹²² Glaser, "East Asia Testimony."

¹²³ Glaser, "East Asia Testimony."

Chapter 5:
Promoting Democracy and Human Rights in China



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¹²⁴ Hong Kong Handover Memorial Service, Victoria Park, 1997
<<http://www.cnn.com/interactive/SPECIALS/9908/china.facesofchina/content/photo14.html>>.

Introduction

The U.S. must take advantage of the historic opportunity for engagement with China in the post-September 11th (9/11) international environment. Though China remains a repressive Communist state, it is on the verge of an irreversible transformation.¹²⁵ China is currently undergoing a fundamental change towards a more open and partially democratic society. Social forces unleashed by China's economic reform over the last twenty years have fueled this change. Left alone, these social forces will help transform China into a more open society. A closer and friendlier relationship with China as a result of 9/11 will have a considerable impact on helping to set the conditions for promoting democracy and human rights within China.¹²⁶

Description of the Problem

Chinese society has undergone a significant political transformation since the death of Mao Zedong in 1976. Politics are no longer conducted in the form of mass campaigns that disrupt, or end, the lives of millions. The political system has moved from one-man rule under Mao Zedong, to narrow oligarchy under Deng Xiaoping, to a still more collective form of leadership under President Jiang Zemin.¹²⁷ As a result of limited political liberalization, the Chinese Communist Party (CCP) no longer can be considered a monolithic institution.¹²⁸

¹²⁵ George Gilboy and Eric Heginbotham, "China's Coming Transformation," *Foreign Affairs*, 80.4 (July-August 2001):26-27. Gilboy and Heginbotham contend that social forces unleashed by China's economic reforms over the last twenty years are forcing China into a fundamental political transformation into a less repressive society.

¹²⁶ The authors believe that there are three major conditions that must be set for China's transition to democracy: 1) competitive elections; 2) an emerging middle class; and 3) free speech. This is an amalgamation of Professor Dani Rodrik's and Adam Przeworski's theories of democracy. Dani Rodrik believes that a democracy must have free speech and competitive elections as expressed in his book, *The New Global Economy and Developing Countries: Making Openness Work* (1999). The belief in the rise of the middle class leading to some of the conditions necessary for democratization is from Adam Przeworski and Michael E. Alvarez, et al, *Democracy and Development: Political Institutions and Material Well-Being in the World, 1950-1990*, Cambridge Studies in the Theory of Democracy (Cambridge: Cambridge University Press, 2000).

¹²⁷ David M. Lampton and Gregory C. May, "Managing U.S.-China Relations in the Twenty-First Century," *The Nixon Center* (Washington, D.C., 1999) 34. <www.nixoncenter.org/publications/monographs/managing.html> It is noted that during some periods of Mao's rule that his control was far less than absolute (i.e., Last Great Leap period). Fellow leaders like Zhao Ziyang, or more recently former National People's Congress Chairman Qiao Shi faced obscurity in forced retirement, not a jail cell or public recrimination and humiliation.

¹²⁸ Suisheng Zhao, "Liberalization in China and the prospects for democracy," *CNN.com Visions of China*, 2001 <<http://www.cnn.com/SPECIALS/1999/china.50/50.beyond/democracy.zhao/>>.

Membership in the CCP is still a mandatory path to upward mobility in Chinese politics and society.¹²⁹

There are signs that a gradual transformation of politics is taking place at the village level in China. Secret ballots have been used in the election of village committees. The direct election of village committees began in 1987.¹³⁰ The Chinese Ministry of Civil Affairs has worked to standardize electoral procedures among the more than 700,000 villages in China.¹³¹

Political change has occurred not only in the way politics is conducted, but also in aspects of life that are exceedingly important to the broader populace. Where one resides or works, one's source of income (70 million Chinese are now employed by private firms or self employed), fewer restrictions to travel within China, the ability to have private conversations on political topics, the extent to which civic organizations are tolerated, are all examples of limited socio-political change in China.¹³²

The scope of human rights abuses in China, while not having significantly improved, at least shows signs of hope for the future. The PRC estimates that China had about 180 million religious followers in 1997, which does not include the estimated 20-30 million members of the Buddhist meditation sect Falun Gong (which was outlawed by the Communist Party in July 1999). Falun Gong is only the most visible indication of resurgent spiritualism in China.¹³³ Authorized religious groups; however, must pledge not to undermine CCP rule and to avoid political activities.¹³⁴ Despite this, China's human rights record is slowly improving; largely because of rising incomes and increased interaction with the outside world.

Economic factors have helped to change China in ways that ultimately will be essential if a more open society and at least a limited representative government is to take root. Though there has not been a formal reversion of capitalist property rights through privatization of state

¹²⁹ Zhao, "Liberalization in China."

¹³⁰ "Democracy Program," The Carter Center 1998 <<http://www.cartercenter.org/elections.html>> The Carter Center has assisted the Chinese Ministry of Civil Affairs (MCA) since 1998 in the project to standardize electoral procedures. Former President Jimmy Carter led a small delegation in September 2001 to observe a village election outside Shanghai, China and to speak in Beijing at the Carter Center sponsored international symposium Villager Self-government and the Development of Rural Society in China. During the visit, 50,000 copies of the updated handbook on Village Election Procedures were printed and distributed to local authorities.

¹³¹ "Democracy Program."

¹³² Lampton and May, "Managing U.S.-China Relations" 34.

¹³³ Gilboy and Heginbotham, "China's Coming Transformation" 33. According to Gilboy and Heginbotham there may be 30 million Christians living in China. In Beijing alone, the number of unauthorized churches may have grown from 200 in 1996 to around 1,000 in 2001.

¹³⁴ Lampton and May, "Managing U.S.-China Relations" 41.

property, Chinese peasants have actually and substantially gained control of the farming land China. In 1978, there were 6 million farm production teams; now there are 230 million family farms.¹³⁵

The most significant social transformation in the PRC can be seen in China's growing middle class. Per capita income in China rose from \$979 in 1978 to \$2,653 in 1995.¹³⁶ China's fast economic growth over the past decade has been concentrated largely in the coastal regions, those areas most open to international trade and receiving direct foreign investment.¹³⁷ In the economic vibrant cities of the east, both private home ownership and an embryonic middle class have emerged.¹³⁸ Almost unheard of a decade ago, Chinese tourists now frequently visit Thailand's beaches and California's Disneyland. Over one million Chinese traveled abroad on pleasure trips in 1998, a record number despite the slowdown of the Chinese economy caused by the Asian Financial Crisis.¹³⁹

Even while at home, the Chinese people are enjoying growing access to the outside world. Internet usage in the PRC, as elsewhere, is skyrocketing and the Chinese government estimates that there were nearly nine million Internet users in January 2000 (up from less than four million in 1999).¹⁴⁰ Ninety percent of students at Beijing University have Internet accounts. Though authorities have tried to block Chinese web users from reaching unapproved web sites, such measures have been largely ineffective.¹⁴¹ Rules against unauthorized reception of satellite television are also poorly enforced. An estimated 45 million homes in China have access to Hong Kong-based Phoenix Satellite Television, either via individual dish receivers or through local cable systems, despite laws restricting such broadcasts to hotels and foreigners' housing.¹⁴² The democratic ideal of free speech will gradually be realized for Chinese on the Internet. The

¹³⁵ Angus Maddison, "Chinese Economic Performance in the Long Run," Development Centre of the Organization For Economic Co-operation and Development, (1998): 61.

¹³⁶ Maddison, "Chinese Economic Performance," 40. China's average rate of growth of GDP during this period (1978-1995) was 7.49%; the rest of the world averaged 2.71%; Japan averaged 3.21%; and the U.S. averaged 2.47%.

¹³⁷ Carl J. Dahlman and Jean-Eric Aubert, China and the Knowledge Economy: Seizing the 21st Century (Washington: World Bank Institute, 2001): xvi.

¹³⁸ Dalman and Aubert, China and the Knowledge Economy, xvii.

¹³⁹ Lampton and May, "Managing U.S.-China Relations" 37. The average annual wage in Beijing and Shanghai – among China's wealthiest cities – is just over \$1300 per year, roughly equivalent to income levels that existed in Taiwan and South Korea in the 1970s.

¹⁴⁰ John Pomfret, "China Weaves Its Way on the Web," Vancouver Sun, February 22, 2000, A 13 <<http://www.stanford.edu/~wsheu/china.html>>.

¹⁴¹ Sonika Gupta, "The Internet and Democracy in China," The Hindu, September 8, 2001, 1

<http://www.hinduonnet.com/the_hindu/2001/09/08/99hdline.htm>.

¹⁴² Lampton and May, "Managing U.S.-China Relations" 38.

Internet may one day even facilitate the process of political change resulting from fundamental institutional and economic changes from within China.

The event most likely to disrupt this future fundamental change in China would be the emergence of a clearly adversarial US-China relationship.¹⁴³ A state of Cold War between the U.S. and China would reinforce the view of conservative Chinese leaders that America is China's greatest threat. This would allow China's current conservative leaders to use Chinese nationalism as an excuse to crackdown on dissent and to override any burgeoning reform movements. Long term American cooperation and engagement with China will reap benefits, as China becomes a more open society. It must be recognized that only the Chinese people themselves can create a more open society that promotes democracy and human rights. American policy, as a result of the post-9/11 cooperative relationship between the U.S. and China, must encourage the natural transformational forces within China to develop and nurture.

Allowing the transformational forces within China to take root will allow China to become a more open society. A more open society does not necessarily mean a democratic society along the American or European models. A more open society means that China would be embarking on a path to democratization in its own distinctive style.¹⁴⁴

Current U.S.-China relations in the post-9/11 period have been encouraging. As a result of September 11th, Chinese leaders are trying to forge an overall improvement in relations with the U.S. and the West.¹⁴⁵ The Chinese government has also expressed support for the U.S.-led war on terrorism.¹⁴⁶

Policy Proposal #6: Create Additional Channels to Promote Openness

Specifically, the U.S. should create additional cross-cultural, religious, and information channels to encourage and lay the groundwork for helping to transition China to a more open society.

¹⁴³ Gilboy and Heginbotham, "China's Coming Transformation" 27.

¹⁴⁴ "One Experts Opinion: Dani Rodrik: Will Trade Democratize China?" On-line interview, Kennedy School of Government, May 30, 2000 <http://www.ksg.harvard.edu/news/espts/rodrik_china_ga.htm>.

¹⁴⁵ Erik Eckholm, "Fearing Terror at Home, China Has Practical Reasons to Aid U.S.," The International Herald Tribune, October 1, 2001 <<http://www.nautilus.org/napsnet/dr/0110/OCT01.html>>.

¹⁴⁶ David Murphy and Susan V. Lawrence, "Beijing Hopes to Gain from U.S. Air Raids on Afghanistan," Far Eastern Economic Review, October 4, 2001. <http://www.feer.com/articles/2001/0110_04/p018region.html>. China has its own reasons for cooperation with the emergence of unrest and terrorism at home, especially in the province of Tibet and the Muslim-dominated province of Xinjiang.

China has been one of the most rapidly changing societies in the world over the past two decades. Anyone who visited China at the start of its economic reforms in the late 1970s and returned today would marvel at the enormous changes in lifestyle, individual choice, access to information, and growth of a non-governmental public sphere. China must rapidly reform its political system to make it more diverse, responsive, and efficient if it is to avoid major political instability in the coming period of extraordinarily rapid change.¹⁴⁷ The U.S., through NGOs (such as the Ford Foundation, private law firms, and International Republican Institute among other sites) has successfully done much at the grass roots level to train a Chinese legal profession (lawyers and judges; WTO experts, etc.). NGOs also have helped to improve the independence of the legislative procedures in the National People's Congress and elsewhere. The Carter Center has assisted China with electoral procedures. This type of interaction has helped to encourage limited reforms in China.¹⁴⁸ This policy would encourage even more NGOs to participate in promoting openness and democracy in China.

Creating additional cross-cultural and knowledge based information channels such as internet portals, computer access, and journalistic outlets via both print, radio and television media will provide additional avenues for the people of China to gain information outside of the PRC government-controlled media. The proposed policy would encourage NGOs and private firms to invest in ventures that will increase computer access such as Internet portals and Internet cafes in China. The planned 24-hour free news radio service to Mainland China should focus on broadcasts that provide information on how people in democratic East Asian nations, such as Taiwan and Mongolia, are making democracy work.¹⁴⁹ Increased cultural, educational, city-to-city, and athletic exchanges will allow select members of Chinese society to continue to be

¹⁴⁷ Kenneth Lieberthal, "U.S. Policy Toward China," Brookings Institute, Policy Brief #72 (March 2001) 2. <<http://www.brook.edu/comm/policybriefs/pb072/pb72.htm>>.

¹⁴⁸ Discussions with Professor Alastair Iain Johnston, Harvard University, from January thru March 2002. NGOs such as the Carter Center and the Ford Foundation have made great strides in promoting democracy in China. Former President Jimmy Carter led a small delegation in September 2001 to observe a village election outside Shanghai, China and to speak in Beijing at the Carter Center sponsored international symposium Villager Self-government and the Development of Rural Society in China. During the visit, 50,000 copies of the updated handbook on Village Election Procedures were printed and distributed to local authorities.

¹⁴⁹ Jack Kemp, "A Four-Point Freedom Plan for China," Investor's Business Daily, May 20, 1997 <http://www.adti.net/gw_china.html>.

exposed to examples of alternatives heretofore unseen in the relatively repressive Chinese society.¹⁵⁰

Viability of Policy Proposal

Do Organizational and Technical Means Exist?

The authors rate this as challenging. The creation of additional cross-cultural, religious and knowledge based information channels is certainly viable. There are already several cultural exchange venues between the United States and China, most notably in the field of education.¹⁵¹ Creating even more opportunities for Chinese students to come to the U.S. and for American students to go to China is certainly both desirable and feasible.

Creating additional Internet access will be a positive economic move for China that can possibly have far reaching effects on opening up Chinese society in general and encouraging limited political reform. This will have the greatest impact on the growing Chinese middle class. Unfortunately, the majority of relatively poor Chinese peasants will not have access to computers or the internet. However, encouraging the creation of thousands of additional Internet cafes could allow access to millions of economically challenged Chinese citizens. Funding for this venture could come from NGOs and private investments by companies interested in conducting business in China.

Additional city-to-city exchanges should not be too difficult. Eventually, every U.S. city above 100,000 people could have a Chinese "sister city." These cultural exchanges would include visits between cities and other municipal, cultural, athletic and social contacts.

Allowing more access by internationally recognized religions into China is also feasible. Major world religions such as Buddhism, Islam, Christianity and others are already practiced in China. Many underground and non-sanctioned "house churches" have sprung up across

¹⁵⁰ There are numerous State Department city-to-city exchanges with China (see the State Department Sister City website, <<http://www.usinfo.state.gov/regional/ea/uschina/preyouth.htm>>). However, this program could be more organized to include every city with populations above 100,000. Chinese-American athletic exchanges are limited and could be greatly expanded.

¹⁵¹ According to the Peoples Daily (dated March 29, 2002) <http://www.english.peopledaily.com.cn/zhuanti/Zhuanti_69html>. Between 1978 and the end of 2001, there were approximately 189,000 Chinese students who studied at American colleges. The U.S. ranks first in the number of Chinese college students studying abroad throughout the world.

China.¹⁵² The key sticking point from a policy perspective is to place continued pressure on China to allow more religious access and freedoms.

Overall, the U.S. will face some challenges in creating additional cross-cultural, religious, and informational channels to encourage and lay the groundwork for helping to transition China to a more open society.

Issues of U.S. Domestic Support

We rate this aspect as challenging. Though there are divisions between policy makers who advocate engagement with China and those who advocate containing China, most parties agree that encouraging China to be a more democratic society that respects human rights is a laudable policy goal. The problem lies in how to achieve this goal. Increased educational contacts may cause concern that China will narrow its technological gap with the U.S. The gap may in fact narrow, but ideally the eventual result will be a more open Chinese society that is less hostile to the U.S. and its interests. The American people would support encouraging the Chinese to utilize the Internet, as long as it was not funded through foreign aid. However, increasing more foreign student visas for any foreign country may be a tough sell to the American people in the post-9/11 environment.

Issues of Allied Support

Support from U.S. Allies will be generally straightforward. America's European allies and Canada will certainly support any policy that will potentially encourage China to become a more open society. European allies; however, may be suspicious of America's intentions. Is America doing this to promote democracy and human rights or is America doing this to promote its own international business and economic interests? The U.S. would need to encourage its European allies and Canada to also conduct more cross-cultural contacts with China.

Support from Japan and South Korea would be generally positive. Japan continues to be China's number one trading partner as well as the largest provider of foreign direct investment, official development aid, and technological know-how to China.¹⁵³ Despite their huge and growing stakes in maintaining an amicable relationship, however, Sino-Japanese relations remain

¹⁵² Lampton and May, "Managing U.S.-China Relations" 41.

¹⁵³ Taecho Kim, "The Costs of Military Conflict: The Korea and Japanese Dimension." The Costs of Conflict. 65.

at times both difficult and often tense. As befits their traditional and historical rivalry for regional influence and as the present-day two most powerful East Asian states, Japan and China have a broad range of bilateral concerns with each other. South Korea is now China's third largest trading partner (the U.S. is second).¹⁵⁴ Unlike the majority of the American and Japanese populations, South Koreans throughout the 1990s and beyond maintained a favorable view of China in general and of its role in Korean peninsular issues in particular.¹⁵⁵ Any American policy that promotes democracy and human rights in China and ultimately reduces tensions in the region will be in the best interest of both Japan and South Korea.

Issues of China's Perspective on the Proposal

The authors rate this as challenging in all areas except religious contact. Pushing additional religious contacts will make this policy "difficult" for the Chinese leadership to accept. Any U.S. policy that promotes democracy and human rights may be viewed with suspicion and even hostility by the Chinese leadership. The Chinese leadership has been generally intolerant to most overt attempts to promote democracy and human rights within China. A key exception to this has been the Chinese government's tolerance of NGOs who train legal professionals and develop village election procedures. The Chinese leadership allows these efforts, mainly because it serves the CCP's purpose of improving its legitimacy through limited grass roots political reform. However, a policy that proposes to create more cross-cultural contacts and information channels is fairly subtle and could be viewed by the Chinese leadership as having potential economic benefits for China. A policy that creates additional religious contacts will be clearly viewed with hostility by the Chinese government.

Overall Assessment

A U.S. policy that creates additional cross-cultural, religious, and information channels to encourage and lay the groundwork for helping to transition China to a more open society; while feasible and supportable, does have some challenging aspects. This policy should be implemented within the context of an overall U.S. policy of engagement with China.

¹⁵⁴ Kim, "The Costs of Military Conflict" 65.

¹⁵⁵ Kim, "The Costs of Military Conflict" 67.

Conclusion

The future political and social transformation of China will be perceived as a regime-threatening event in China.¹⁵⁶ The current leadership of China, while encouraging economic growth, is resistant to social and political change.¹⁵⁷ Unfortunately for the Chinese leadership, China's political and social transformation appears inevitable. The Chinese government cannot ignore or conceal these social and political changes for long. Increased access to information has helped to create a public opinion in China, and the government already feels obliged to respond.¹⁵⁸

The event most likely to disrupt the fundamental change in Chinese society would be the emergence of a Cold War between the U.S. and China. An openly adversarial U.S.-China relationship would allow China's current leaders to use nationalism as an excuse to crackdown on dissent and to override any social reform movements. A cooperative and openly friendly U.S. policy that encourages cross-cultural, religious and information contacts would indirectly assist China's transformation into a more open society.

¹⁵⁶ Gilboy and Heginbotham, "China's Coming Transformation" 26-27.

¹⁵⁷ Lieberthal, "U.S. Policy Toward China" 2.

¹⁵⁸ Gilboy and Heginbotham, "China's Coming Transformation" 34.

Chapter 6: Conclusion

The lens of 9/11, by necessity, refocuses U.S.-China policy. Some issues have been catapulted to new and more urgent significance, such as averting military confrontation over Taiwan and preventing the spread of WMD. For other issues, the lens of 9/11 brings opportunities into focus which may have been previously unnoticed. The U.S. should pursue issues that find new roles for China to play in collaborating with the world's most developed economies and open up opportunities to introduce democratic principles as an influence on China's growing middle class. Through the examination of four selected areas, Taiwan, WMD, economic engagement and human rights, the authors have developed six specific policy proposals to both cope with and capitalize on the changed U.S. policy world post-9/11.

These six proposals each stand on their own as policy prescriptions. The authors made no attempt to capture in these proposals the totality of U.S.-China policy. Rather, each proposal fits within the context of existing U.S.-China policy while reflecting the changes 9/11 presents. These six proposals provide a menu of options from which policy makers may elect to pursue all, none, or some subset. The authors purposefully resisted creating an interdependent set of proposals. Rather than produce one recommended option, or one policy prescription with six parts, the argument for each proposal stands on its own merits without linkage to the other five proposals.

In considering the difficulty of implementing these proposals, the authors' evaluation produced none which were graded "straightforward" overall (see figure below). Four were rated "challenging" and two were rated "difficult." That should not imply that these proposals are too thorny to pursue, only that the authors discovered no simple solutions in the issues they tackled. Each of the six proposals was rated "straightforward" in the category of "organization and technical means required for implementation." Therefore, the path to implementation exists; the difficulty lies in gaining support for the proposal from U.S. constituencies, allies or China.

Only one proposal, "WMD security exchange" received a rating of "difficult" for U.S. support. This rating stems from the lingering wariness on Capitol Hill stemming from the Los Alamos Chinese spy scandal and the Cox Committee report. The two ratings of "challenging" for "removing strategic ambiguity" and "increasing mil-to-mil contacts" recognize the existing splits within the U.S. policy community on approaches to China policy.

Two proposals, “remove strategic ambiguity” and “WMD security exchange,” were rated “challenging” for allied support. In both cases the anticipation that serious security concerns of allies will need to be addressed drove the ratings. The additional concern of protecting highly sensitive information influenced the “WMD security exchange” rating. No proposals were rated “difficult” for allied support.

Projected Chinese support for these six proposals split evenly between “challenging” and “difficult.” These ratings stand primarily upon evaluation of China’s record on each issue. Where China has demonstrated a long or particularly vigorous resistance to similar proposals, the authors rated prospects as “difficult.” Where Chinese policy has not clearly demonstrated opposition, or has shown willingness for negotiation, the proposal received a rating of “challenging.” The driving factor in recommending these non-straightforward proposals is the picture of a changed world as viewed through the lens of 9/11.

U.S.-China relations will grow in significance as China’s economic, political, and military power rises. The terrorist attacks of 9/11 and the current U.S.-led war on terrorism provide a different filter through which policy makers can reconsider the U.S.-China relationship. The six policy proposals recommended here provide measures to reduce the risks of military conflict through miscalculation, to minimize the opportunity terrorists have to obtain WMD, to promote Chinese consultation on key issues with the world’s largest economies, and to plant seeds of democracy in a growing Chinese political class. Each proposal supports U.S. objectives. All six would advance U.S.-China relations as the U.S. prosecutes the war on terrorism.

See the Policy Evaluation Summary chart below:

<i>Policy Proposal</i>	<i>Feasibility</i>	<i>US</i>	<i>Allies</i>	<i>China</i>	<i>Overall</i>
1. Remove military ambiguity	●	●	●	●	●
2. PRC mil-to-mil / ROC wpn sales	●	●	●	●	●
3. Negotiate FMCT	●	●	●	●	●
4. WMD Security exchange	●	●	●	●	●
5. Offer China G-7 status	●	●	●	●	●
6. Create channels for openness	●	●	●	●	●

Evaluation Key:

- = Straightforward
- = Challenging
- = Difficult

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